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Southern Hotels Bombed

Portes Member Shot in Madrid

By James M. Markham

MADRID, July 4 (NYT) — A spokesman for the Basque separatist group ETA said today that it had claimed responsibility for the bombing of a hotel in the Basque region of northern Spain, which is the country's most lucrative tourist area.

The spokesman said the group had also claimed responsibility for the shooting of a member of the country's new parliament in the Basque region.

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Last week in a newspaper article, Mr. Cisneros, who is the government's secretary for information, sharply criticized Basque terrorism, saying that they wanted to give legal status to "Goma-2" explosives and warning that "if Spain's government agreed to unconditional demands for Basque autonomy, we should have the courage... to recognize that we are giving in to terrorism."

Mr. Cisneros, 38, a pro-government member of the Cortes, was shot in the abdomen by gunmen who ambushed him as he returned to his apartment in Madrid.

Mr. Cisneros, the first parliamentarian to be in Spain's spreading wave of terrorism, was shot in the abdomen by gunmen who ambushed him as he returned to his apartment in Madrid.

A sporadic bombing campaign against crowded Mediterranean resorts by the Basque separatist organization ETA has so far wounded two persons, a Belgian couple who were sunbathing in fashionable Marbella on the Costa del Sol when a bomb went off on the beach.

The so-called political-military wing of ETA has demanded that 100 Basque terrorist suspects held in a prison in Soria be transferred to their northern home region, or it will continue to plant explosives among the millions of tourists who troop to Spain in July and August.

The "vacation war," as some publications have styled the resort bombings, threatens an industry, tourism, that last year netted the country \$5.4 billion in foreign exchange, according to official figures. A record 38.2 million foreigners entered Spain last year, 15 million of them in the peak months of July and August.



President Anwar Sadat of Egypt (right) meets Robert Strauss, the new chief U.S. representative in the Middle East, at a session Tuesday in Alexandria, Egypt. Mr. Strauss will lead the U.S. delegation when negotiations on Palestinian autonomy resume today in Alexandria.

Oil Threats Won't Sway Mideast Talks, Strauss Says

CAIRO, July 4 (UPI) — Robert Strauss, the chief U.S. representative in the Middle East, said today that the United States would not be intimidated or pressured in the talks by any attempt to use Arab oil as a political tool on behalf of the Palestinians.

"I do not think the U.S. government should ever — and as long as I am involved, will never — negotiate any faster or any slower or because of any threats by anybody on any subject," Mr. Strauss said at a news conference here after official visits to Israel and Egypt.

"As long as I represent President Carter, he would not permit me to do so and I would not do so with or without his permission," Mr. Strauss said.

Mr. Strauss will take over as head of the U.S. delegation at the Egyptian-Israeli negotiations on Palestinian autonomy when the talks resume tomorrow in Alexandria, Egypt.

He was asked today about the possibility, first mentioned by the Saudi oil minister, Sheikh Ahmed Zaki Yamani, of a blockade of the Strait of Hormuz, through which passes most of the Middle East oil exported to the West. "Such statements do not produce any pressure," Mr. Strauss replied.

Mr. Strauss also said that the chance of a dialogue between the United States and Yasser Arafat's Palestine Liberation Organization was "somewhere between slim and zero."

The U.S. envoy met with President Anwar Sadat last night in Alexandria and the Egyptian leader later called for a dialogue between Washington and the PLO.

Mr. Strauss affirmed the U.S. role as a full partner in the Egyptian-Israeli negotiations and added: "As these negotiations bog down, as they surely must from time to time, we will be more aggressive and we will not hesitate to be more aggressive."

EEC Aides See OPEC Drive to Set Oil Ceiling

By Joseph Firchett

BRUSSELS, July 4 (IHT) — Emerging from the first substantive contacts in their proposed dialogue with the Organization of Petroleum Exporting Countries, Common Market energy officials believe that OPEC governments want to gauge their oil exports to maintain permanently a slight deficit in the world supply.

Despite Saudi Arabia's decision to boost production temporarily to ease the present squeeze, "most of all the OPEC countries think that they can limit production slightly below demand in order to maintain prices and spur energy conservation — without stopping reasonable growth in the world economy," according to Guido Brunner, EEC commissioner for energy.

"It is economic brinkmanship," he said. "If they miscalculate the oil gap, it could push the world economy off the tightrope, causing recession, destroying the world monetary system and causing unemployment with grave social repercussions."

The results of the initial meeting apparently were not encouraging. Diplomatic sources report that the Common Market team gave OPEC a secret report outlining the impact on European economies of further oil-price increases. Mr. Brunner apparently also explained that fresh fluctuations in the U.S. dollar could endanger the new European Monetary System by putting pressure on weaker currencies such as the French franc and thus undermining the latest attempt to create closer monetary union in the Common Market.

The EEC paper also forecast Europe's oil needs in 1985, but the OPEC experts' corresponding view of European needs reportedly was 4 million barrels a day below the EEC's own estimate.

Discrepancies

The discrepancy of views and data between the two sides apparently contributed to Mr. Brunner's undisguised concern that OPEC is misinformed about the impact of their oil policies.

Mr. Brunner has been a consistent advocate of trying to establish better lines of communication with OPEC in order to avoid misconceptions on both sides of the market.



Michael Chatterton



Ian Massie

British Bankers Freed by Salvadoran Kidnappers

SAN SALVADOR, El Salvador, July 4 (AP) — Two British bank executives held captive for seven months in this Central American country have been freed to the United States after \$10 million was paid to the leftist kidnappers.

A spokesman for the bank of London and South America, a branch of Lloyds Bank International, said Ian Massie, 46, and Michael Chatterton, 47, were set free from different locations outside San Salvador on Monday.

Mr. Massie, manager of the bank's local branch, and Mr. Chatterton, his assistant, had been in the country only about three months when they were seized on a street next to the bank last November.

They were freed in Houston early today. They were scheduled to hold a news conference tomorrow, the spokesman said.

The bank executives were freed three days after the rescue in Venezuela of U.S. businessman William Nicholas 48, of Toledo, Ohio, who was held for more than three years by guerrillas in the Venezuelan jungle.

It was the first time in years that no prominent foreign businessman was being held by any of the bands of Marxist guerrillas operating in Latin America.

Nixon Will Visit Shah in Exile to 'Stand by Friend'

ANAHEIM, Calif., July 4 (AP) — Former President Richard Nixon says he thinks it is important that he and his wife go to Mexico to see the Shah of Iran, because "if the United States doesn't stand by our friends when they're in trouble, we're going to end up without any friends."

Interviewed after watching a baseball game here last night, Mr. Nixon did not say when he would be going, but indicated it would be soon. "Yes, I do plan to go. Mrs. Nixon and I are planning to call on the Shah to pay our respects."

The Shah has been a friend of the United States for 30 years, and he has been a personal friend for over 25 of those years.

Mr. Nixon said that he wants to express our appreciation for his leadership of his country and his friendship to the United States. It will be a quick trip — down one day and back the next.

Shah Mohammad Reza Pahlavi was ousted from Iran in last winter's revolution. His exile has taken him and his family to Egypt, Morocco, the Bahamas and, most recently, to Mexico.

Only Long-Term Steps Seen Effective U.S. Finds No Easy Way to Fight OPEC

By Richard Burt

WASHINGTON, July 4 (NYT) — The Carter administration has concluded that there is no single "quick fix" way that the United States, acting alone or in unison with other industrialized countries, can challenge the power of the oil producers' cartel, government officials said.

The decision of the Organization of Petroleum Exporting Countries last week to raise the average price of a barrel of oil to about \$20 has deeply distressed officials throughout the administration. It also has given rise to increased pressure on the White House to formulate a strategy for breaking the cartel's hold on the world oil market.

Last February, President Carter said that it would be an idle hope to argue that the United States could destroy the 13-nation cartel and thus drive down the price of oil. But, evidently reflecting the frustration felt by many officials, Mr. Carter said Sunday that he could not "see how the rest of the world can sit back in an acquiescent state and accept unrestrained and unwarranted increases in OPEC oil prices."

Despite this, officials said that there were no plans to force a showdown with the oil-exporting countries. They disclosed that a Cabinet-level meeting at the White House was convened before the recent price-rise decision to discuss a list of options for driving down the price of oil.

Alternatives Listed

The list, the product of an interagency task force headed by Edward Fried, the U.S. executive director of the World Bank, was compiled in preparation for last week's economic summit meeting of Western industrialized nations in Tokyo. Among the alternatives discussed at the White House meeting, officials said, was the establishment of a special bilateral arrangement with Saudi Arabia that would guarantee the United States long-term oil supplies at a fixed price.

Another option, they said, was the creation of a government-backed monopoly purchasing agency for foreign oil that would enter into large private oil purchases with foreign suppliers aimed at undercutting prevailing prices.

The officials said that, in the final analysis, these and other alternatives were judged to be unfeasible and politically counterproductive, especially to efforts to gain the cooperation of other energy consumers in a program of reducing worldwide oil demand. As a result, the officials asserted, a consensus emerged in government circles that only long-term measures, such as conservation and shifting to non-oil energy resources, offered any hope for weakening the oil producers' cartel.

Nevertheless, several proposals for confronting the cartel are flowing to the administration, and officials said they were studying them.

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Official Says Assassination of Shah Not Iran's Policy

By Thomas Kent

TEHRAN, July 4 (AP) — Iranian Foreign Minister Ibrahim Yazdi yesterday said that it is not government policy to assassinate the deposed Shah or to dispatch Iranian agents to capture him by force.

But he said the government "will within international laws and relations" to bring the Shah back from exile and that "we are preparing the ground for a formal demand for his return."

In a wide-ranging interview, Mr. Yazdi said that an improvement in Iranian relations with the United States depends on the response of U.S. authorities. He indicated that particular concern is Washington's next step in its tug-of-war in Tehran over the appointment of a new U.S. ambassador.

Mr. Yazdi added that Iran is negotiating for new supplies of the Shah's revolutionary successors face the same critical problems he faced, and some they have created themselves.

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Reports for its U.S.-made military equipment. Asked if the United States had agreed yet to ship to the Iranian regime, he said, "We haven't received any definite answer from the United States."

Top Aide

Mr. Yazdi, a physician who studied and worked in the United States for 16 years, is considered a close aide to Ayatollah Ruhollah Khomeini. He has been foreign minister since April, after serving deputy prime minister for revolutionary affairs.

He said that it was not official policy to use government resources

First Indication

His remarks were the first indication about the outcome of closed-door contacts last weekend between OPEC, represented by the OPEC "strategy committee" headed by Saudi Arabia's Oil Minister Sheikh Ahmed Zaki Yamani, and the Common Market, represented by Mr. Brunner and by France's Industry Minister Andre Girard.

The contents of their London discussions have been kept confidential. Sheikh Yamani downplayed the meeting in advance as a simple exchange of information, and the Arab participants avoided any public appearances alongside the Europeans. Both France and the other EEC countries, however, have been in the market.

The Common Market, in its contacts with OPEC, "does not accept this policy," he said. "We think that it would be better for OPEC to offer a long-term guarantee of annual oil supplies, even with gradual price increases," he said.

Appearing strongly concerned by the risks of a newly self-confident OPEC trying to fine-tune the oil supply and world economy, Mr. Brunner said that he thought it was vital to continue to "move deeper in our mutual analysis of Europe and the economy."

In the London talks, the European team, which apparently did

the persons who disappeared, the eight apparently do not risk punishment for the killings at Lonquén, Chile, in October, 1973. Last year, Gen. Pinochet decreed an amnesty for crimes committed after the September coup.

The decision to hold the eight officers was made in Santiago, news services reported, by military Judge Gonzalo Salazar, who charged the policemen with "a crime of unnecessary violence" that caused the deaths of the 15 peasants almost six years ago. The victims, whose names were on a Catholic Church list of almost 650 persons who have disappeared, were found late last year after a security officer confessed the location of the bodies to a priest.

A civilian court in Santiago ordered an investigation when the bodies were found. A report on the investigation was submitted to Judge Salazar about two months ago by Adolfo Banados Cuadra, a lawyer who was asked by the civilian court to determine who was responsible for the 15 deaths.

The Banados report was to have appeared last week in Hoy magazine, Chile's chief opposition publication, but Hoy was closed for two months by the government shortly before publication. The report, which served as the basis for yesterday's decision to charge and detain the eight, concluded that the 15 victims had been "arrested or kidnapped" by national police and were last seen alive in their custody.

Mr. Banados stopped short of directly accusing the eight of the crime. Judge Salazar apparently determined through additional evidence that there was sufficient evidence to charge and detain them.

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Airborne Rhodesian 'Fire Force'—A Deadly Aim at 1,800 Feet

By John F. Burns

GRAND REEF AIR BASE, Zimbabwe Rhodesia (NYT) — As they darted from tree to tree, paused, then scanned the sky swiftly before dashing on again, the two young black women looked as though they were playing a children's game.

It was anything but a game. The scene was open bushland in a remote corner of this embattled country, the women were guerrillas in Robert Mugabe's Zimbabwe African National Liberation Army, and the hunter was Fire Force Bravo, a helicopter-borne raiding party of the kind that has accounted for three-quarters of the 9,000 guerrillas killed in the country by government forces in 6½ years of war.

To a reporter, 1,800 feet up in the cockpit of a Rhodesian Air Force helicopter Dakota, it looked as though the women might make it "hot" flicker-bush along the dried-up river bed that had been their base. But even if they had, the Chinese-made AK-47 automatic rifles they carried would have been no match for the 20-mm cannon of a French-built Alouette gunship hovering above.

From his perch in the bubble of the gunship at 300 feet, Ivan Sheppard, a 22-year-old white electrician doing reserve duty, fired repeated bursts of the cannon's high-explosive rounds. Several times the

rounds exploded near the feet of the fleeing women and kicked up puffs of dust. But the insurgents kept running, covering several hundred yards before finally losing the cover of the spreading mopani trees.

After a moment's hesitation, one veered left around a large flat rock and the other turned right into open country. In an instant the gunner cut them down, shrapnel ricocheting off the rock face into the chest, arms and legs of one, and a direct hit blowing the right arm off the other. She fell once, got up, then pitched face forward into the dirt, her rifle behind her.

By the time ground troops reached the scene, the more grievously wounded woman was dead. But Doctor Johnson, aged 20, despite deep shrapnel gouges in her chest and legs, survived to become one of the rare "captives" that government forces make. Later, she would probably be given the choice of helping lure other guerrillas to defect or of being hanged.

First of Six Kills

For Fire Force Bravo, code name for the No.2 Commando of the all-white Rhodesian Light Infantry, Miss Johnson's companion was the first of six "kills" that day, four of them women. After emptying the guerrillas' pockets for intelligence clues and taking their rifles and ammunition, the troops left

the bodies face up in the sun where they would remain until buried by villagers or eaten by animals.

The following day, this "contact," as skirmishes with guerrillas are called, was mentioned briefly in the terse summary put out each evening by military headquarters in Salisbury. The communiqué cited it as evidence of the increasing use of women for combat in the Mugabe ranks. There are estimated to be several hundred women in a fighting force of about 11,000.

More Casualties

Until recently, communiques were as close as most reporters got to combat. But with the establishment of a transitional government of blacks and whites last year, the government began to allow selected reporters and television teams to watch the raiding parties in action. This policy has been extended since Bishop Abel Muzorewa became prime minister last month.

In one of these visits in the last month, this reporter spent a week with Fire Force Bravo at Grand Reef Air Base outside the eastern border town of Umtali. There are at least four other fire forces around the country, but the one at Grand Reef covers a vast tract of the eastern border area where the Mugabe forces have been most active and it has con-

sistently accounted for more guerrilla casualties than any other unit.

Restrictions were few. Military headquarters forbids unarmed reporters aboard gunships during the early stages of a strike, but they are allowed to fly aboard the Dakota that ferries paratroopers to the scene, which gives them an overall view of the early stages of an attack. Later, when the helicopter refuel, reporters are allowed aboard the gunships for a second look at the battle area, sometimes while shooting is still going on. Although there is military censorship, this report was not subjected for review.

The fire force is Rhodesia's adaptation on a smaller scale of the helicopter warfare used by U.S. forces in Vietnam. The aim is to locate enemy troops, usually by observation from concealed scouting posts, then to subject them to "vertical envelopment" by the raiding party — four helicopters carrying four men each, a Dakota with 16 men and a U.S.-built twin-engine Cessna "Lynx" carrying fragmentation and concussion bombs as well as canisters of frangible, a concentrated petroleum jelly similar to napalm.

Control of the air and the government forces' superior training gives them an overwhelming advantage that is reflected in a ratio of nearly 10 dead guerrillas for every one of the government forces.

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A 50-Cent Watermelon Now Costs \$5

War, Inflation Tighten Grip on Managua

By Leonard Greenwood

MANAGUA, July 4 — Two weeks ago a watermelon cost the equivalent of 50 cents here. Now it costs \$5. Meat is selling at three times its former price. A sack of flour that used to cost \$30 now is \$55. White beans and rice have more than doubled in price, turning these two items, traditionally staples of the Nicaraguan diet, into luxury foods that only the rich can buy.

Prices are soaring as the civil war goes into its second month. With shops and factories closed, looted or burned down, supplies of everything are becoming scarcer each day, forcing prices up. For most Nicaraguans the problem is insoluble: Prices go up, they lack money because few people are working any longer, and there seems to be little prospect of employment for weeks ahead.

Meanwhile, with traditional commerce destroyed, a new kind of market has sprung up in the last two weeks. Traders and looters have set up shop at busy crossroads in Managua. Supplies are so scarce that the hunt for food has become one of the city's main occupations.

Accountant Turns Vendor

Traditional market women who still come in from country areas with fresh water fish and the salty cheese of Nicaragua's peasants crowd together with newcomers in the markets selling soap, canned goods or medicines looted from shops or bought from looters. "You do what you have to do to feed your family," said Miguel Angel Ruiz, 30, "I'm an accountant, but there's no work and no money and I have four children to feed. I went out and bought what I could, and now I'm selling it, trying to get enough money to take food home to my family."

Mr. Ruiz, better educated than most of his competitors in this marketplace, had set out his wares on a rickety wooden box. There were throat lozenges, cough syrup, expensive antibiotics and birth-control pills. "I have no training," he said, "but I remember what I learned in my family. I take for different illnesses, and I recommend the same things to people who come to buy."

Cesar Barbosa has eight children to feed, but for him the selling is easier because he has always worked in markets. "Because of the war, I couldn't get stuff from my usual suppliers, so I bought from people who came here one day to sell this pile of goods. Did they steal it? He shrugs. "How do I know? In Nicaragua you don't ask questions like that today."

The market offers much for those who still have money. There are bananas, mangoes, avocados, cars of corn — picked while still tiny to take advantage of today's

high prices — canned fish, canned milk, a wide range of pharmaceutical products, chocolates, brooms, knives, crockery.

Dora Molina had three large enamel basins filled with fish caught in the river that flows past her house 40 miles from Managua. She has been selling on this corner for 19 years, leaving home at 6 a.m. every day by bus to get here in time for the markets. But most vendors said that they were running out of things to sell.

Managua's wealthy businessmen,

Red Cross Finding Disputed

Thailand Refuses Asylum To More Asian Refugees

BANGKOK, Thailand, July 4 (UPI) — Thailand announced late yesterday it will take no more refugees and disputed international Red Cross criticism of its repatriation of 40,000 Cambodian refugees.

A Foreign Ministry statement said, "as Thailand has already exceeded its capacity to shoulder the burden of the displaced persons and illegal immigrants from Indochina, it can no longer accept further intake of these people."

The statement said the problem of Indochinese refugees, particularly those from Cambodia, "can no longer be regarded solely on humanitarian grounds. Thailand's security will also have to be taken into consideration."

Thailand also rejected criticism of its action in sending more than 40,000 refugees back into Cambodia.

"The Kampuchean illegal immigrants were not forced to return to Kampuchea; they were persuaded to return to their homeland and were further provided necessary food supplies," the statement claimed.

Newsmen, however, were barred from the area where the refugees were pushed back, and escaping refugees said Thai soldiers with fixed bayonets forced them out and tried to prevent their return.

Thailand still houses more than 40,000 other Cambodian refugees and nearly 150,000 Vietnamese and Laotians.

Reports of famine in Cambodia have sparked fears of a new flood of Cambodian refugees into Thailand.

Increased Quotas Not Enough

BALI, July 4 (UPI) — The Association of Southeast Asian Nations said today even the increased intake of Vietnamese refugees announced by the United States and

past allies of President Anastasio Somoza because they prospered under his patronage, are also bitter with the president these days. They say that shops were looted only in areas controlled by the National Guard. Many persons have reported seeing guardsmen break into shops and take away goods in jeeps.

In eastern Managua, where guerrillas of the Sandinista National Liberation Front were in control for more than two weeks, there have been few reports of looting,

businessmen say, although the people were hungry there, too.

A man who has stores in both central Managua, which remained under control of the guard, and in eastern Managua said: "I saw soldiers take away goods they had stolen from my store. When I went to eastern Managua, nothing had been taken." A senior member of a businessmen's association said: "It happened so systematically, we businessmen are beginning to see it as vengeance for having supported calls for Somoza's resignation."

The country's main agricultural product is cotton, but it seems almost certain that there will be very little cotton grown this year. Cotton should have been planted already around Managua and Granada, but there has been little planting because of the fighting.

Managua has about 40,000 industrial workers, but every factory in this city is closed and some have been destroyed or so badly damaged that they will not be able to operate again this year. Commerce and services employ another 100,000, but shops, stores, restaurants and most hotels are closed. Gasoline is hard to find and now sells on the black market at \$4 a gallon.

The official exchange rate for Nicaragua's currency is 10 cordobas to the dollar. In the last week on the black market, which operates openly on street corners, the rate has risen steadily to 17 or 18.

"Life is becoming impossible, senior," a well-dressed old man said as he examined green bananas in a street market. "Our sons and daughters are fighting. There is no food, not even milk for babies... It is frightening, senior."

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U.S. Finds No Easy Way To Counter OPEC Power

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Officials said that a special office might be established soon to examine the suggestions of outside experts.

Last month, Sen. Daniel Moynihan, D-N.Y., called for "a sustained effort to break the OPEC cartel." He asked for the creation of a wheat export authority, consisting of the United States, Canada and Australia, that could threaten to counter the oil-producing nations.

He also contended that the administration should bring greater political pressure to bear on the nations in the oil cartel by mobilizing the less-developed countries.

State Department officials said they were encouraged that some less-developed nations, particularly in Latin America, had begun to

complain about oil prices, but they said that most Third World countries would be unwilling to follow any U.S. export plan designed to embarrass the oil cartel.

The officials also dismissed the notion of a wheat cartel, remarking that other major grain producers would be reluctant to join in such an effort and that the United States, on its own, could not dominate the market.

Although the administration has rejected attempts to seek lower prices through coercion, officials are still debating the advisability of action on a French proposal for industrialized nations to join in a dialogue with the oil producers.

The primary purpose would be to reach a commodity agreement that would stabilize the long-term price of oil. But White House and Treasury officials argue that the oil producers, at present, have little incentive to enter into such an arrangement.

Some State Department officials also suggested that the United States could gain leverage on pricing decisions if it succeeded in lessening Arab anxieties over U.S. policy in the Middle East. However, this view was disputed by other aides who asserted that, for the most part, Arab oil-pricing decisions had been made on economic rather than political grounds.

"One of the problems we face is that a lot of the people that are making price decisions in OPEC were trained at places like the Harvard Business School," said Edward Morse, a State Department economist. "As a result, they are able to come up with splendid rationales for why \$30-a-barrel oil is good for us."

American Hospital In Paris Gets Wing

PARIS, July 4 (AP) — U.S. Ambassador Arthur Hartman and French personalities including Senate Vice-President Edmund Muskie today inaugurated a new \$8-million wing for the 69-year-old American Hospital here.

A hospital spokesman said it was the first stage of a complete building program for the hospital, in the Paris suburb of Neuilly.

Airborne Rhodesian 'Fire Force' — A Deadly Aim at 1,800 Feet

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guerrillas for every government man killed. But as the week with Fire Force Bravo demonstrated, the government had the manpower and equipment to keep pace with the insurgents' infiltration, let alone to catch and kill the guerrillas already in the country.

By government estimate, more than 13,000 guerrillas are operating inside the country, twice the number of a year ago. The record number of "kills" by a fire force at Grand Reef in one five-week period was 136, posted in May by a sister unit of No. 2 Commando. At the time, intelligence officers estimated that there were at least 2,600 Mugabe guerrillas in the "Trashers" area, a triangle-shaped war zone with a 220-mile base along the eastern border, and that the number of guerrillas was rising by several hundred a month.

The insurgents, mostly Tanzanian-trained, have made large areas of tribal land their own, causing the Rhodesians to shift administration. They use the areas as bases for attacks on white homesteads, military installations and road traffic.

No Concerted Effort

In the case of the Sabi Tribal Trust Land, some of the contacts with the women guerrillas, officials acknowledged that there has been no concerted effort to dislodge insurgents there for many months because fire-force efforts were being directed elsewhere.

When No. 2 Commando reached Grand Reef after a 10-day furlough, prospects for guerrilla detachments in the Sabi area changed. Fire forces work closely with the army unit most dreaded by the guerrillas, the Sabi Scouts, which had sent men to a section of the Sabi reserve known to be the base area for several groups of insurgents. Part of the Scouts' task was to set up observation posts in the towering rock hills in the area and to pinpoint guerrillas for air and ground attack.



Managuans jam together in gasoline lines Tuesday. Local commerce has been looted or destroyed, so driving to food markets is a necessity; waiting for gasoline can take five hours.

Nicaragua Congress May Consider Question of Somoza's Resignation

MANAGUA, July 4 (UPI) — Leaders of President Anastasio Somoza's Liberal Party met today prior to a joint session of Congress that may consider his resignation.

Liberal Party leaders in the senate went into closed session. Gen. Somoza has tried twice in the last week to convoke the Congress in the midst of Nicaragua's civil war with the Sandinista guerrillas trying to topple him from power.

Each time the Congress has failed to produce a quorum needed to take up legislation, and opposition parties said that they would boycott the sessions until Gen. Somoza was out of office.

There were persistent rumors yesterday and today that Gen. Somoza — whose family has ruled

the Central American nation for 43 years — would offer his resignation as a way of restoring peace to the divided country.

Meanwhile, monitoring of guerrilla and National Guard radio traffic disclosed that the guerrillas landed two Aero Commander aircraft at Las Flores between Masaya and Granada during the night to unload food and ammunition but the airplanes were unable to take off and the rebels burned them both.

Another Sandinista aircraft dropped several small incendiary bombs on Las Mercedes Airport outside Managua, apparently trying without effect to hit fuel deposits.

EEC Urges New Industry Based on Energy-Saving

By Axel Krause

PARIS, July 4 (IHT) — Western Europe should develop a new industry based on energy-saving technology, according to a Common Market panel of a dozen experts from business, political and academic circles.

Such an industry eventually could create employment for thousands of European workers, while promoting continued economic growth, the panel concluded.

These and other assessments were submitted to the Common Market today as part of the panel's study, "In Favor of an Energy-Efficient Society."

The report was the first survey of how the Common Market can, paradoxically, capitalize on the energy crisis — which European Commission President Roy Jenkins said yesterday "will not disappear, even temporarily, like the 1973-74 energy crunch."

The report's major conclusion was that the old formula — "more energy equals more economic growth" — must be replaced by a new approach to growth based on saving energy.

The panel warned, however, that the United States and Japan may already have pulled ahead in the field: "They are or will be suppliers of energy-saving technologies," the report said. "Europe must take account of this to avoid any falling behind."

The panel's chairman, Jean Saint-Geours, said in Brussels, today that energy consumption in the Common Market could be cut by

between 15 percent and 50 percent, depending on the sector. "The development of this resource is not, therefore, a futile exercise," he said.

A European energy-savings industry could be facilitated by a number of steps, which, according to the panel, should include:

- Promulgating common, minimum standards for the technical performance of automobiles, heating installations and domestic appliances.

- Establishing a European data bank that would make available to industry, architects and construction firms energy-saving technologies.

- Providing financial incentives to invest in the new sector. Specialized institutions for financing such an industry already exist throughout Europe, the panel noted, adding that they "could be adapted to energy-saving."

Individual governments, the panel said, should play major roles. "The public sector has available to it, through its power of taxation and through the public-sector budget, an important set of financial instruments," the report said.

Common Market Energy Commissioner Guido Brunner said that the commission will study establishing the data bank.

Fishermen Clash in India

NEW DELHI, July 4 (Reuters) — Three persons were killed and seven injured when police opened fire today on two conflicting groups of fishermen in south India, the Press Trust of India reported.

But More Patrols Seen

Vance Says No U.S. Fleet Planned for Indian Ocean

CANBERRA, Australia, July 4 (UPI) — The United States will not build a separate fleet in the Indian Ocean, but plans to increase U.S. Navy activities in the area, Secretary of State Cyrus Vance said today.

At the opening session of the 28th meeting of the ANZUS alliance — Australia, New Zealand and the United States — Mr. Vance briefed the delegates on the world situation and on the strategic arms limitation treaty.

Mr. Vance said that the United States had ruled out the possibility of developing a new U.S. fleet for the Indian Ocean area but favored an increase in the number of ships and aircraft patrolling the area.

Mr. Vance and most of the U.S. team arrived late yesterday from the Indonesian island of Bali, where they had attended a conference of foreign ministers of the Association of Southeast Asian Nations (ASEAN). In addition, the commander in chief of the U.S. Pacific fleet, Adm. Maurice Weissner, flew here from Honolulu to brief the delegates on Soviet movements in the Indian Ocean.

Arrival Statement

"The United States reaffirms that the security and the well-being of our peoples are deeply linked," Mr. Vance said on his arrival here.

One of the highlights of the two-day conference will be the signing tomorrow of a nuclear safeguards treaty that will clear Australian uranium sales to the United States. The treaty, on which agreement was reached 12 months ago, will be signed by Mr. Vance and Foreign Minister Andrew Peacock of Australia.

The treaty signing will not be part of the ANZUS meeting, but it is considered to be a significant development in U.S.-Australian relations.

Schmidt Assigns Priority To Development of Coal

(Continued from Page 1)

dimensions — exceptional, too, for the financial backing they require. Their development will give our enterprises a leading position on the world market.

At its current rate of use, according to the Research and Technology Ministry, West Germany has coal resources sufficient for the next 100 years.

The chancellor's statement on energy did not include any mandatory savings, although Mr. Schmidt said all federal buildings would now be heated at 68 degrees as an example. Applying speed limits on the country's superhighways, the only ones in the industrialized world without them, would be unnecessary for the time being, he said.

Mr. Schmidt spoke of his irritation with the oil companies in connection with a statement that underscored West Germany's vulnerability on the oil market.

He said the country was dependent on the Rotterdam free market for 20 percent of its gasoline and 40 percent of its light heating oil. "Therefore," he said, "German price limits would have no effect. Other foreign buyers on the market would buy the gasoline and heating oil that we need."

Mr. Schmidt said that he was dis-

The agreement, similar in to those already concluded in Australia and the Pacific South Korea and Finland, include a provision for an Any veto on the use of Australian uranium in nuclear weapons. It is the first safeguards agreement Australia has concluded with nuclear arms.

Shah's Deal Not Policy

(Continued from Page 1)

— him back to trial. He is a national hero and he has to be brought back to answer to the nation's crimes he has committed."

He said that if any group brings him here, the government is ready to try him.

On the improvement of relations with the United States, Mr. Yazdi said, "We have reached a low point with the anti-U.S. demonstration. May, Mr. Yazdi indicates, much depends on the outcome of the controversy over the new ambassador."

President Carter has now Walter Cutler, a former ambassador to Zaire, but Iran has a United States it wants a man. The United States is a publicly to the Cutler case. But Mr. Yazdi said, "We received an official response whether Washington might change its mind."

On the subject of military parts, Mr. Yazdi said, "We bought billions of dollars of military equipment from the United States, and for the maintenance of this equipment we need parts. Obviously there will be, and are, some contracts — you are purchasing contracts — parts."

Black Rebels I Home of Greeks Orthodox Leader

SALISBURY, Zimbabwe, July 4 (UPI) — Black rebels today opened fire on a house of Greek Orthodox Archbishop of Athens, causing damage but no injury to the archbishop, who is the head of the nation's supreme military command.

Police and military commanders said that they could not rule out the possibility that the attack was a bungled attempt to kill Gen. Peter Walls, the commander of combined military operations. Gen. Walls lives about 500 feet from the property that attacked.

The officials also speculated that the attack might have been an attempt to frighten the Greek community, an important section of the minority.

Archbishop Papadopoulos treated for shock. His two sisters were in the house when the attack was the closest to Salisbury's city center and the time insurgents surfaced in the city since March 27 when guerrillas fired several rocket-propelled grenades at a police dog training center.

Algeria to Free Ahmed Ben Bella

ALGIERS, July 4 (AP) — The government has decided to free former President Ahmed Ben Bella, held under close arrest since he was overthrown by the Houphouët Boumedienne in June, 1965, the Algerian news agency announced today. The report gave no details.

In Paris, Mr. Ben Bella's lawyer said that he remains under surveillance in his house in the Algerian countryside, and is free to receive visitors and to move around the local area.

EEC Sees OPEC Bid to Limit Oil Supply

(Continued from Page 1)

most of the talking while OPEC listened, concentrated on conveying "confidence-building measures" aimed at demonstrating the intentions of industrial countries to cooperate over energy matters. The French industry minister, for instance, reportedly spent much of his speaking time trying to convince the OPEC team that the U.S. commitment at the Tokyo summit in 1985 was a sincere, important step by the Carter administration to promote energy-saving.

The London meeting, however, broke up without reaching any arrangement to continue the dialogue between oil-exporting countries and the European community. The OPEC strategy group will break up in August after presenting a report to OPEC on the future oil outlook. European officials, however, hope that some or all of the OPEC countries will find a formula for continuing the dialogue. Acknowledging that OPEC does not always function as a united group, Mr. Brunner said that industrial countries could gain a great deal from "better lines of communication if only to the major producers" — apparently a reference to Saudi Arabia.

Despite the apparently inauspicious start in London, Mr. Brunner said that "we stand a fair chance to continue" some form of dialogue, perhaps in another framework.

The dialogue should be expanded

to seven participants. Mr. Brunner said, to represent OPEC, Western Europe, the United States, Japan and each of the three developing continents.

The group should be preferably high-level experts rather than politicians, he said, who could meet quarterly in order to exchange information on oil supply and demand, energy-conservation, advances on alternate fuels and the impact of oil prices on monetary stability, economic growth and unemployment.

With this format, he said, the talks could be kept secret, and the participants could meet the oil-exporters' interest in expanding the discussions to cover development and other problems besides energy — without getting bogged down in unwieldy talks like the North-South dialogue.

Reacting to Sheikh Yamani's recent remarks linking future oil supplies to the Palestinian problem, Mr. Brunner said that he thought the Middle East problem could be excluded from an energy dialogue. "We need to talk about the economic well-being of the industrial countries, the oil-exporters and the developing countries," he said.

"Although the Palestinian problem may be present in our interior-curtain's mind, it is clear that a Middle East solution involves different time scales and methods than the immediate problems of energy and the economy," Mr. Brunner said.

In assessing the outlook for energy dialogue with the oil exporters, Mr. Brunner said that the industrial countries needed to take "confidence-building measures" such as:

- The energy conservation pledges at the European summit at Strasbourg and the economic summit in Tokyo. Other EEC sources said that the Tokyo summit revolved around a trade-off between the United States, which obtained specific national commitments to oil import ceilings, and the European countries, which got the United States to extend its program until 1985. Although there is elasticity on both sides because of more North Sea oil becoming available in Europe and more Alaskan oil in the United States, participants from Western European countries said here that the final package of commitments exceeded their expectations.

- New action to curb oil imports. Although the latest Common Market figures show that

Minsk in Vladivostok

TOKYO, July 4 (UPI) — The Soviet aircraft carrier Minsk arrived yesterday in the Siberian port of Vladivostok after a four-month journey from the Black Sea to the Pacific Ocean, sources in Japan's Defense Agency said today.

Times Reported To Ease Stand on Jobs for Printers

LONDON, July 4 (AP) — The Times Newspapers today offered jobs back to thousands of printers and other employees fired during the seven-month dispute that has closed the publications, union leaders reported.

A union official emerged from three hours of negotiations declaring that the Times and its companion publications could be back within "weeks rather than months."

But a management spokesman, anxious to avoid the impression of a major concession, said: "It simply isn't true that we have offered reinstatement without conditions."

The union official declined to give details of the management's offer. The management team, led by the chairman and editor in chief, Sir Denis Hamilton, met the heads of more than 50 negotiating unions today. Sir Denis would say only that the talks took place in an "excellent atmosphere."

The dispute has cost the owner of the newspapers, Lord Thomson of Fleet, £1.7 million (about \$3.4 million) a month.

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News Analysis

Supreme Court Awakened New Fears in U.S. Media in 1978-79

By Linda Greenhouse

WASHINGTON, July 4 (NYT) — The Supreme Court decision yesterday to allow the use of federal judges to select their own cases to review the constitutionality of laws has awakened new fears in the U.S. media.

The decision, which was a 5-4 vote, was seen as a major victory for the conservative justices. It was also seen as a warning to the liberal justices that they must be prepared to defend their position.

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about judicial proceedings. The court had accepted as a starting premise that justices, whether or not constitutionally required, was a positive good that should be sacrificed only as a last resort.

Monday's opinion endorses the power of a trial judge to sacrifice openness essentially at will.

Notorious Case

For example, the Court ruled unanimously three years ago that a Nebraska trial judge could not constitutionally restrain the press from reporting the existence of a confession in a notorious multiple murder case. In a concurring opinion, three justices observed that "secrecy of judicial action can only breed ignorance and distrust of courts and suspicion concerning the competence and impartiality of judges."

One of the three justices who signed that opinion was Potter Stewart, who wrote for the five-member majority Monday in Gannett vs. De Pasquale that the centuries-old English and American tradition of conducting trials in public "demonstrates no more than the existence of a common-law rule of open civil and criminal proceedings."

And, Justice Stewart continued, "not many common-law rules have been elevated to the status of constitutional rights."

Last summer this "common-law rule" was incorporated into new criminal justice standards by the American Bar Association. The standards require that before closing a courtroom, a judge must first determine that there is a "clear and present danger to the fairness of the trial" and that "reasonable alternative means" short of closing the door will not protect the defendant. Among the alternatives are a delay in the trial date, a new location and intensive questioning of prospective jurors.

Regardless of the letter of the Constitution, there are profound institutional reasons for keeping courts open as much as possible.

Judge Alfred Goodwin, a federal appeals court judge from Oregon who is chairman of the bar association committee that produced

the standards, said yesterday, "A trial is not a case of you and him hiring the hall and settling a dispute. The courts in a democratic society need to be open to maximum visibility."

But if the implications of the Gannett decision go far beyond the sometimes parochial concerns of the press, it is also a "press case." Coming on the final day of the court's 1978 term, it closes the book on a session that many press lawyers and their clients see as a virtual disaster.

The decision was handed down less than a week after two 8-1 opinions that all but eradicated the category of "involuntary" public figures to libel cases. The opinions held, in unrelated libel suits against Sen. William Brock and D-W. The "state of mind" phrase in the footnote was a reference to another of this term's libel decisions in *Herbert vs. Lando*, which held that journalist defendants in a libel suit could be required to disclose the opinions they held while preparing the material. The decision provoked an outcry from the press. Another view that has gained some currency, however, holds that the opinion was more of a psychological blow than a constitutional one, and was perhaps even an inevitable outgrowth of the decision that required public officials to prove "actual malice" in the first place.

But even a psychological blow exacts a price, if as a result of the term's decisions a greater number of libel suits are brought and the time and expense of defending against them grows. If that does occur, press lawyers believe that a new wariness, if not timidity, on the part of news organizations in dealing with controversial issues may result.

Summary judgment has become the norm in many courts for handling libel suits brought by public figures. The court decides that there is no evidence that the plaintiff could possibly meet the actual

wait and see what happens, while assuming a public stance from which he can change his policies if necessary without giving the appearance of turning on a dime, administration sources said.

Because of the continued struggle with inflation, running at nearly a 14 percent rate in recent months, any decision to give the economy a boost probably would involve a modest amount of stimulus, the sources added.

No Great Expansion

Last week, for example, Mr. McIntyre told some members of Congress that the administration would not expand greatly costly public service programs even with a recession.

On the other hand, Vice President Walter Mondale, in a speech to the National Education Association in Detroit yesterday, said that in the event of a recession, "We will help cities like Detroit. We will try and take the load."

Mirroring this uncertainty, Carter's advisers are telling him to

the Tokyo economic summit meeting last weekend. The recent OPEC price increases, he told reporters, make a recession "much more likely than it was before."

The administration has estimated that the higher oil prices will add one percentage point to the inflation rate both this year and next, and boost the U.S. about \$80,000 jobs between now and the end of 1980.

Some private forecasters, such as Otto Eckstein of Data Resources, Inc., believe a recession has already begun and that it could last until the end of the year, with unemployment rising above 7 percent early in 1980.

Other forecasters differ over both the timing of the recession and its severity. Alan Greenspan, former chairman of the FEA, for instance, expects a mild bounce back from a decline last quarter before the recession sets in earnest.

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Mirroring this uncertainty, Carter's advisers are telling him to

Despite Steps to Cut Red Tape

Investors in Egypt Report Frustrations

By Christopher S. Wren

CAIRO (NYT) — Five years after President Anwar Sadat started an open-door economic policy to attract private capital and technology from abroad, Egypt is still trying to convince investors that it is serious about eliminating official red tape and other notorious hassles.

The government has enacted well-intended reforms that have reduced the waiting time for decisions and promoted cooperation among government ministries. But a number of Western businessmen and economists in Cairo report that while the climate has improved, frustrations abound.

Some suggest that the reasons go beyond bureaucratic arrogance or incompetence to a lingering Egyptian fear of a return to foreign exploitation and to a lack of comprehension, after nearly a quarter of a century of Arab-style socialism, of what the Western investor wants and needs.

The General Authority for Investment and Free Zones, which oversees the open-door policy, has been working to make the system easier for foreign investors. The goal is to expand Egypt's production capacity with greater private investment so that aid from foreign governments which will include about \$1 billion this year from the United States, can be used to repair the country's decrepit economic structure.

"With peace, we cannot delay any more carrying on a vigorous program in economic development," said Gamal Nazer, minister of state for economic cooperation. "We will have to depend on a substantial amount on private investment."

Mr. Nazer, who runs the investment authority, said that 665 projects were under construction or in operation, with an expected investment of nearly \$1.9 billion. But while Coca-Cola, Squibb, Union Carbide and Michelin have undertaken to set up shop in Egypt, few other major corporations have committed themselves. Banks account for 80 percent of the U.S. capital.

Some small joint ventures have fared well, like the McEvoy Egyptian Equipment Co., which manufactures welders for Egypt's growing petroleum industry. Others have done little more than contribute to a glut of costly consumer imports. One U.S. joint venture is a discotheque on a barge in the Nile.

Egypt's open-door policy dates to June, 1974, when Mr. Sadat, in a reversal of the socialism encouraged by Nasser, had Parliament enact Law 43, which invited foreign investors to bring in hard currency and set up ventures with Egyptian partners.

The government moved so slowly that by 1976 only four investment proposals had been approved. When Abdel Razek Abdel Maguid, now the minister of planning, took over the investment authority, he reduced the backlog of applications by approving up to 40 in a day.

Even so, the open-door policy produced a harvest of bureaucratic horror stories. A visiting Scandinavian businessman reported waiting a year for a decision by a key official. A U.S. banker arranged a loan for millions of dollars and could not get anyone concerned at the ministry to answer the telephone and accept it.

Many potential investors found Law 43 too vague, though Mr. Nazer insists that it compares favorably with other countries' laws. Investors also balked at being made to convert into Egyptian pounds at one rate and back at another rate that depreciated the money by 44 percent. A uniform exchange rate has since been instituted.

Cairo's congestion and sagging public services also helped to turn the open-door policy into a revolving door for more than a few prospective investors. The tale of a U.S. businessman who flew to Athens to make a long-distance telephone call might be apocryphal but it is readily believed in Cairo. The telephone situation has improved lately, but Mr. Nazer said that several companies had held off coming into Egypt because of the lack of reliable communications.

Requirements Eased

Under the reforms, Mr. Nazer said, government ministries must answer an investment proposal within four weeks and the project will be taken up by the investment authority within three months. Offices have been set up in the authority to handle licenses. Earlier this year, Interior Minister Nabawi Ismail simplified visa and residence requirements. "So we are helping to a big extent to clear the red tape," Mr. Nazer said.

A European commercial specialist agreed that strides had been made but observed: "A decision by the investment authority doesn't always percolate down to the customs official involved."

Agonizing customs tie-ups and arbitrary rulings remain a major complaint. Some investors find themselves trapped between the layers of bureaucracy. A Western businessman told of submitting a letter in English to a ministry and receiving a reply in such turgid Arabic that even his Egyptian staff could not make sense of it.

A common solution has been to pay an Egyptian middleman to negotiate the labyrinth, which Mr. Nazer contends only complicates matters. "We don't need anybody to represent someone to us," he said. "We ask, please don't go to intermediaries, go to the investment authority."

Some potential investors have charged that their proposals were blocked because of government concern that they might compete with unprofitable state-owned industries that have suffered for years from inept management, obsolete equipment and poorly trained workers.

Mr. Nazer feels that such industries must become efficient to survive. But he acknowledged: "We cannot let a new project shut down an existing project. If we approach it right, we could accommodate both. If there is no room for both, we might as well turn the project down."

Not the least of the paradoxes in Iran these days is the fact that the government is awash with oil money but doesn't know how to spend it. In addition to this lack of economic direction, the regime's inefficient, poorly run ministries and other government bureaucracies are proving largely incapable of administering the programs they have.

"On a Volcano"

"We're sitting on a volcano," a Western banker said. "This revolution was based on the gap between economic reality and expectations, and that hasn't changed."

Potentially more disastrous for Iran's economy in the long run than the current high unemployment are the mounting demands of public- and private-sector workers for increased wages, greater benefits and participation in management. Combined in many cases with the lack of work discipline, these demands have complicated the revival of various industries and firms.

Many companies that have not been able to resume full operations are getting into deep financial trouble because armed revolutionary committees have prevented them from laying off workers or, in some cases, have forced them to rehire employees fired in the past.

A recent survey of member companies of the Iran-America Chamber of Commerce in Tehran concluded that "the ranks of the unemployed will be swelled in the near future as these companies either fold or have to reduce the number of workers because they can no longer meet payroll. Thus the unemployment situation can only be expected to deteriorate yet further."

Adding to the problem has been the departure of thousands of foreign businessmen, technicians and other workers here.

The revolutionaries regarded most foreigners as unwelcome carpetbaggers who usurped Iranian jobs. But in many cases qualified Iranians simply could not be found to take over the positions the foreigners vacated. And each time a foreign businessman left, several Iranians — including secretaries, office workers, drivers and maids — were thrown out of work.

In an effort to raise the Iranian economy out of its present morass, the government has put together a package of credits, allocating \$600 million to help troubled factories resume production and \$142 million to stimulate agriculture.

So far, however, this credit program doesn't seem to have been implemented in any effective way.

"The pervasive problem is lack of discipline," an economist said. "It goes all through the civil service and the private sector. Until this is solved there's not going to be a resumption of work. It doesn't do any good to feed credit to a system that can't execute anything."

A banker said that industrialists often tell him they have not been able to meet their financial obligations because they spend all their time trying to placate rebellious workers who have unrealistic expectations under the new regime.

"One hundred percent wage increase demands are not unusual," the banker said. "In addition, workers want housing, more meal allowances, longer vacations, profit sharing and say they want to run the company."

"State of Rebellion"

"Even in the best of times firms couldn't make good on such expectations. But for the firms, these are the worst of times. If the labor force remains in a state of rebellion like this, it's going to sink a lot of companies."

Already an estimated 80 percent of Iranian construction firms are not operating and a third of the service industries are out, according to economists here.

In many cases employees have refused to work until their demands are met, or have formed workers' committees that effectively stymie operations.

Backed by sympathetic militiamen, some workers whose firms are forced to close have been demanding and getting 10 months' severance pay, even those employed as little as a year.

Other major problems have been the government's failure so far to inject sufficient funds into the economy and difficulties in obtaining industrial raw materials from abroad.

"The problem is not lack of foreign exchange," a banker said. "The government has it running out of its ears. The problem is translating that foreign exchange into local currency."

With Iran's oil revenue piling up, foreign exchange reserves are estimated to have jumped considerably above the \$10 billion officially estimated when the new regime took power.

Moreover, with the price of Iranian crude jacked up by about 30 percent from December, the government stands to earn more than the previous average of \$20 billion a year in oil income while producing less than two-thirds of the earlier levels.

That would be an enviable position if authorities knew what to do with the money. The options are limited by government policies aimed at reducing imports and dependence on foreign suppliers, the state of local industries and the reluctance of potential investors.

Faced with all these considerations, many businessmen doubt that the nationalization of banks earlier this month will result in the economic revitalization that the government planned.

"The function of authority throughout government and business is shattered and economic recovery will be slow," said a recent trade forecast compiled by a Western embassy here. "In a word, the trade outlook for Iran in 1979 is bleak."

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA

In the Matter of In Proceedings for the Reorganization of a Railroad

PENN CENTRAL TRANSPORTATION COMPANY, Debtor. No. 70-347

NOTICE OF EXCHANGE AND AVAILABILITY OF NEW SECURITIES OF THE PENN CENTRAL CORPORATION

Pursuant to Orders entered by the United States District Court for the Eastern District of Pennsylvania (Reorganization Court), the Plan of Reorganization (Plan) for Penn Central Transportation Company became effective on October 24, 1978, at which time the name of Penn Central Transportation Company was changed to The Penn Central Corporation. First Pennsylvania Bank N.A., through its agent, Fund/Plan Services, Inc., Philadelphia, Pennsylvania, has been named Exchange Agent for the purpose of distributing cash and securities of The Penn Central Corporation to the claimants entitled thereto pursuant to the Plan. At the same time, the Reorganization Court directed that no distribution be made to holders of certain bonds which were the subject of appeals which had been filed by the trustees under the indentures securing such bonds. For those appeals which were finally resolved earlier this year, the Reorganization Court directed that distribution of cash and securities should commence after March 27, 1979.

BONDS NOW ELIGIBLE TO BE EXCHANGED

The Reorganization Court has now directed that holders of the following bonds will, upon surrender of such bonds, be entitled to receive cash and securities of The Penn Central Corporation:

New York Central and Hudson River Railroad Refunding and Improvement Mortgage 4½% Series A Bonds and 5% Series C Bonds due October 1, 2013

At this time, holders of such bonds shall be entitled to receive cash, Series A Bonds, preference stock and common stock to which they are entitled pursuant to the Plan as originally approved and confirmed by the Reorganization Court. Subsequently, such holders will be entitled to receive such additional Series A Bonds and such Series B Bonds as may be determined in accordance with the decision of the United States Court of Appeals for the Third Circuit.

EXCHANGE PROCEDURES

A Letter of Transmittal with instructions for surrendering such bonds in exchange for cash and securities of The Penn Central Corporation has been mailed to each holder as of June 22, 1979, whose address was known. These documents were not mailed to holders whose addresses are unknown, or whose identities are not known because their bonds are in bearer form. If you own any of the bonds listed above and you have not received a Letter of Transmittal, you may obtain a copy by completing the form below and mailing it to the Exchange Agent.

SPECIAL NOTICE CONCERNING BONDS NOT TO BE ACCEPTED FOR EXCHANGE AT THIS TIME

There is a possibility that the treatment under the Plan for the following bonds will be the subject of further judicial review:

New York Central and Hudson River Railroad Michigan Central Collateral 3½% Bonds due February 1, 1988

The Reorganization Court has not authorized distributions to holders of these bonds. The Court has reserved jurisdiction to authorize and direct the distribution of whatever amounts of cash and securities to which such bondholders are ultimately determined to be entitled as a result of the appeals or proceedings on remand after the appeals. Consequently, at this time the Exchange Agent will not accept any of these bonds for exchange. If you deliver for exchange any of these bonds, the Exchange Agent will return the bonds to you.

First Pennsylvania Bank N.A. c/o Fund/Plan Services, Inc. P.O. Box 8717 Philadelphia, PA 19101

Please send a Letter of Transmittal with instructions in respect to the Plan of Reorganization for Penn Central Transportation Company, Debtor, to:

Name (PLEASE PRINT) _____

Street _____

City _____ State _____ Zip Code _____

Name of Bond _____



RATIONING IN ISTANBUL — A gasoline station attendant checks coupons after Istanbul limited purchases to 80 liters (20.8 gallons) a month for private cars and 500 liters for taxis. Despite the rationing measure, lines continued to form at filling stations in the Turkish city.

News Analysis

Shah's Successors Facing Iran's Persistent Problems

By William Branigin

TEHRAN, July 4 (WP) — With Iran's revolutionary euphoria wearing off by the day, the Islamic republic is having to grapple with some of the same economic conditions that contributed to the downfall of Shah Mohammed Reza Pahlavi.

But while some of the problems have been inherited from the old regime, others are the result of revolutionary incompetence and greed.

Not the least of the paradoxes in Iran these days is the fact that the government is awash with oil money but doesn't know how to spend it. In addition to this lack of economic direction, the regime's inefficient, poorly run ministries and other government bureaucracies are proving largely incapable of administering the programs they have.

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Opposing U.S. Position

Russians Urge Outlawing A-Arms on Indian Ocean

UNITED NATIONS, N.Y., July 4 (AP) — The Soviet Union, taking issue with the U.S. position on the Indian Ocean, said yesterday that there "must be no nuclear weapons" in that strategic region.

The Soviet delegate, Lev Mendelovich, spoke to the same 60 or so countries that heard American delegate Theodore Wilkinson say on Monday that the United States "cannot support a prohibition on nuclear weapons aboard naval vessels" in that ocean.

Mr. Mendelovich also said that military bases in the area were a threat to peace, and pointed to U.S. air and naval facilities being enlarged on the British island of Diego Garcia in the Indian Ocean.

Mr. Wilkinson had said: "We do not support the complete elimination of all logistical support facilities" from the Indian Ocean.

Interested Nations

Both spoke at a meeting of nations located on or near the ocean, and maritime nations that use it.

The two-week meeting, which began Monday, was arranged by the UN Special Committee on the Indian Ocean and is meant to lead to a conference on implementation of the General Assembly's 1971 Declaration of the Indian Ocean as a zone of peace.

Mr. Mendelovich said that military access to the Soviet Union was nearer from the Indian Ocean than from any other body of water. He said his country has a lawful interest in the security of that ocean because it provides the only direct sea route between the European and Asian regions of the Soviet Union.

He also remarked that it was the farthest from the United States of all the world's oceans. He called for removal of all foreign military bases from the region.

2 U.K. Soldiers Freed in Murder Of Boy in Ulster

BELFAST, July 4 (AP) — Two British soldiers were cleared today of murdering a 16-year-old Catholic boy whose family reported a guerrilla arms cache to the authorities.

But Northern Ireland Chief Justice Sir Robert Lowry said Sgt. Alan Bohan, 28, and Cpl. Ronald Temperley, 26, killed an innocent boy who could not have harmed them.

The court freed the soldiers, members of a counterterrorist force, the Special Air Services, on the grounds they could have thought they were shooting in self-defense when they opened fire without warning from a hidden position with automatic weapons on John Boyle, a farmer's son.

The boy was killed last July 11 when he returned out of curiosity to see if the cache was still hidden in a graveyard adjoining his farm near Dunloy village, Co. Antrim.

Meanwhile, a Protestant group brought traffic in Belfast to a standstill today with a series of bomb hoaxes and bus hijacks to protest what it termed "ill-treatment" of Protestant prisoners.

Egypt Parliament Approves Divorce Rights for Women

CAIRO, July 4 (AP) — The Egyptian Parliament has strongly approved measures that will free Islamic women here from some of the strictures of Islam that have made them second-class citizens for centuries.

Bucking the current trend in Islamic bastions Libya and Iran, the Parliament yesterday approved amendments to a 1929 personal-law statute that move Egyptian women several steps ahead in matters of divorce, alimony and child custody. The original law was used strictly on Koranic teachings.

The revised law will for the first time give Muslim Egyptian women the right to initiate divorce proceedings to protect themselves from tyrannical husbands, and will let the Egyptian husband's right to divorce his wife by simply pronouncing the words "I divorce" three times.

The law allows a man to have four wives, but the amendments give the wife the right to ask for divorce should she disapprove of her husband taking a second wife. It requires the divorce pronouncement by a man to be ratified by local sheikhs after efforts to reconcile the couple. And the husband has to give his former wife a

substantial sum in compensation, apart from regular alimony.

Passage of the amendments received banner headlines in the three major Egyptian dailies. One heralded it as meaning a new era for women.

The vote was 380-12, the Middle East News Agency reported. Opponents were mostly members of the opposition. The bill was recommended by President Anwar Sadat's National Democratic Party.

Other Arab countries — such as formerly French-occupied Tunisia, Syria and Algeria — have similar legislation, but the Egyptian change is bound to have repercussions in Saudi Arabia and other Gulf states, observers said. Egypt, with its population of 41 million, is the most populous Arab country and also the seat of Al-Azhar University, the 1,000-year-old Islamic institute of theology, whose sheikhs approved the wording of the law and lobbied for it in televised panel discussions.

While Egypt remains a conservative society, the new measures give women more emancipation than the draft constitution in Iran. Violations of the bill are punishable by six months in prison and a minimum fine of \$140 dollars or both.

it She Keeps Trying

Gandhi's Bid to Regain Power Appears Stalled

By Stuart Auerbach

NEW DELHI (WP) — The busload of visitors sat patiently for more than an hour in the shade of a tree, just to have their pictures taken with Indira Gandhi.

Earlier, she gave an audience to a group of Yugoslav tourists after they had asked their bus driver to stop.

I am one of the signs of Delhi," said with a smile.

Mrs. Gandhi, 61, remains India's known political figure. But the mer prime minister's attempts to over from the humiliating defeat at the hands of the government stalled more than two years ago.

Some of her former allies in the Congress (I) — for Indira — Party turned against her, charging public what many people have in private — that she is "autocratic," "authoritarian," and driven by "personalism." They contended that she is heavily influenced by her son Sanjay.

Government Determined

Moreover, the government appears determined to put both Mrs. Gandhi and her son in prison for charges allegedly committed during the 19 months of "emergency" when she put strict curbs on civil, political and press freedoms.

Mrs. Gandhi has obvious support. Successful businessmen open their doors for the days of the "emergency," when they say workers were afraid to strike and civil servants were forced to put in a full day of work.

... sounds like Mussolini, but at the trains ran on time," one of the other end of the economic spectrum, a poor scooter-taxi driver, complained about the soaring inflation since Prime Minister Morarji P. Jantata Party took power in 1977. Prices have risen 6.7 percent since February and inflation may hit 17 percent before the end of the year.

Ve all want Mrs. Gandhi," the taxi driver said. "It is hard to gauge how wide that feeling is. Intellectuals, who are most restricted under the law, still despise her. But more importantly, a rally of only 35,000 after a crowd of 100,000 at a previous rally had predicted that thousands would come to the establishment of special courts to try her and Sanjay."

defends her 11 years as minister. "There is no reason for the government, and a



Indira Gandhi

government cannot function without respect," she said.

Mrs. Gandhi said that her major mistake was in allowing the emergency to run as long as it did. Originally, she wanted it to last only two months and, "I think that is what I would do now."

She also said that she should have called an election after the first year, just as her economic reforms were taking hold and before the attacks on her political excesses mounted.

Although she has been criticized for not being contrite, she now apologizes freely. "I apologize for any hardships I caused, especially to those who were arrested and to the politicians and the press," she said. "But I do not apologize for the things we did that were good — for arresting the smugglers and black marketers who contributed to inflation."

One point on which she would not back down was her relation with her son, who has been described as her "Rasputin" and as "a spoiled petulant, nasty brat."

Politicians, diplomats, observers as well as supporters of Mrs. Gandhi believe he is the reason she lost the election and few can understand why she does not disown him as a political liability.

Yet to Mrs. Gandhi he has done no wrong. And it may now be too late to dump Sanjay. Soon she will be embroiled in court. The first three cases have been filed against her and there are indications that more will follow.

The trials will keep her here in New Delhi, instead of traveling the country, campaigning for support.

Mrs. Gandhi appears resigned to going to prison. She has, after all, been imprisoned before — for 13 months in 1942 by the British during India's drive for independence.

SHORTIE

A one-minute call can mean a low-cost call back home.

Introducing the shortie one-minute call. A real bargain. Because there's no minimum calling charge in Europe when you dial it yourself. That applies to hotels, too, if they offer International Dialing, either from their rooms or through their switchboards.

The shortie call can also save you money on those longer family calls. Just talk long enough to say where you are. Give them the number and have them dial you back. If you're calling from a hotel, the surcharge on such a short call isn't much, and you pay for the call-back later on your own phone bill, in dollars.

SHORTIE. You can pack a lot of love into a low-cost call.



مكالمات الأصيل

Hungry Cambodians

The newest burden being put upon the people of Cambodia, who may have suffered more than any other group of human beings since World War II, is the prospect of famine, and the difference is that some part of it can be conceivably averted if the outside world cares.

Now, throughout Cambodia the situation remains severe as a result of the upheavals culminating in the mass forced march to the countryside ordered by the Pol Pot government after its victory in 1975. Within the areas controlled by the Hanoi-sponsored regime of Heng Samrin, which displaced Pol Pot in January, the Russians and some of the international agencies are filling what food needs outsiders are in a position to fill. It is in the other areas, where the forces of Pol Pot and Heng Samrin are still fighting or in no-man's-land, that a condition of special urgency has arisen. The war's disruption of people and planting has driven tens of thousands of hungry Cambodians into neighboring Thailand. The Thais, feeling overwhelmed by the tide and complaining that the rest of the world is leaving it to them, have been thrusting the Cambodians back.

the Cambodian people by Americans of all political persuasions over the years that you would think the United States would now be hurrying to help the particular Cambodians who, by approaching the Thai border, have come near range of U.S. help. But legislation enacted in the heat of other moments crimps a decent U.S. response now.

The U.S. government cannot deal directly either with Heng Samrin or Pol Pot to reach the people in need. Food aid can be channeled to or across the Thai border through private or international organizations, but only if — some difficult ifs — the aid does not go through the Cambodian government, it meets the immediate requirements of needy people, and it does not confer any long-term economic benefit. Talk about threading a needle.

The needle should, of course, be threaded. Decency to a brutalized people requires no less. And the food-aid law should be changed to give it the flexibility suitable to changed political circumstances. It cannot be countenanced that the Thais continue to throw helpless Cambodians back into the pit. An effective response on food may help convince the Thais that their pleas for sharing the burden have been heard.

THE WASHINGTON POST.

Democracy Climbs the Andes

Bolivia's second national election in a year was a good deal more convincing than the first. The balloting last July was marked by widespread fraud, leading first to an annulment of the result and then to two military coups. This week's contest was generally recognized as the freest in a very long time and should produce Bolivia's first popularly elected president in a decade. He will be chosen by the newly-elected Congress next month from among this week's top three finishers, all former presidents.

Civilian and democratic governments are rare in South America. The only four in Latin societies will soon be concentrated in the five-nation Andean Common Market — Venezuela and Colombia, to be joined in August by Ecuador and Bolivia. The fifth market member, Peru, is debating a new constitution for a return to democracy next year. The Andean group has earned the active role it has assumed in current efforts to promote democracy in troubled Nicaragua.

Recent U.S. policies deserve some credit for the democratic trend in the Andes. In Bolivia, particularly, the Carter administration has persistently pressed for an end to military rule. Open elections with the participation of leftist candidates have not always enjoyed such favor in Washington.

Domestic factors, of course, have been

most important. The military governments now yielding power in Bolivia, Ecuador and Peru never attained great popularity and failed in their ambition to create a new political order. In varying degrees, they return to the barracks with a sense of relief.

Civilian politicians in all three countries seem to be picking up where they left off when the military stepped in. In Bolivia, the front-runners for the presidency, Hernan Siles Zuazo and Victor Paz Estenssoro, are two men who alternated in the office between 1952 and 1964. In Ecuador, the new president is a protégé of the populist who was favored to win the 1972 election before the military intervened. In Peru, also, the traditional parties have resumed their contest.

The lesson in all this seems to be that the political currents of contemporary Latin societies cannot be reversed by military fiat. These same impulses should also prove the undoing of the military juntas now ruling Argentina, Chile and Uruguay, which once knew vital democracies. As the people of the United States mark the 203d birthday of the hemisphere's oldest democracy, they have been reminded again that the desire for government rooted in the consent of the governed remains a powerfully subversive force.

THE NEW YORK TIMES.

Tagging Bombs of Terrorists

One would think everybody in a modern society would be relieved to learn that there exists a way to mark explosives so that the police could trace their origin after detonation. When investigating a terrorist attack or gangland bombing, detectives could learn as much about the explosive as if they had in hand a distinctive laundry mark.

Yet the National Rifle Association and the chemical companies that manufacture explosives are not so pleased. In fact, they have succeeded in holding up legislation that would require such tracers in gunpowder and high explosives. They say the tags create too many technical problems. And so Congress has asked its Office of Technology Assessment to study the complaints for two months, after which the lobbying struggle will no doubt begin again.

There are about a thousand bombings in the United States each year and very few of them result in an arrest. Part of the reason is that explosives are now almost impossible to trace. But the Treasury Department's Bureau of Alcohol, Tobacco and Firearms has been sponsoring experiments in which laboratory explosions can be identified. And a pilot program has accidentally proved that the procedure works under real conditions.

These marker-substances, or "taggants," can be matched against the records of sales and so allow investigators to trace the explosives through the distribution system. There exists another kind of marker as well that betrays the presence of explosives — when,

for example, a bomb is carried through an airport screening device.

The gun lobby opposes mandatory tagging on the grounds that it would be costly, unlikely to aid law enforcement, pose a safety hazard and become a burden. But these are dubious objections. No one knows for sure what the markers would cost, but they are likely to be cheaper than the damage caused by unsolved crimes. The tagged explosives that have been sold under a pilot program so far appear quite safe, although it's hard to evaluate charges that the markers might make the explosives unstable while in storage. We would prefer to trust independent authority on that point. As for the burden of keeping another set of records, it doesn't seem particularly great in an industry already subject to strict record-keeping requirements.

The impressive argument for mandatory tagging is the testimony of law-enforcement authorities and airline officials that they find it most useful. In fact, federal agents last month made their first arrest with the help of the new markers. They sifted through the debris from a bombing murder, discovered the markers, identified the batch of dynamite from which they came, traced the dynamite to a small number of buyers and eventually found that one buyer had recently argued with the slain man. The detective work — an unexpected result of the pilot tagging program — seems to explode the argument that tagging won't help.

THE NEW YORK TIMES.

In the International Edition

Seventy-Five Years Ago

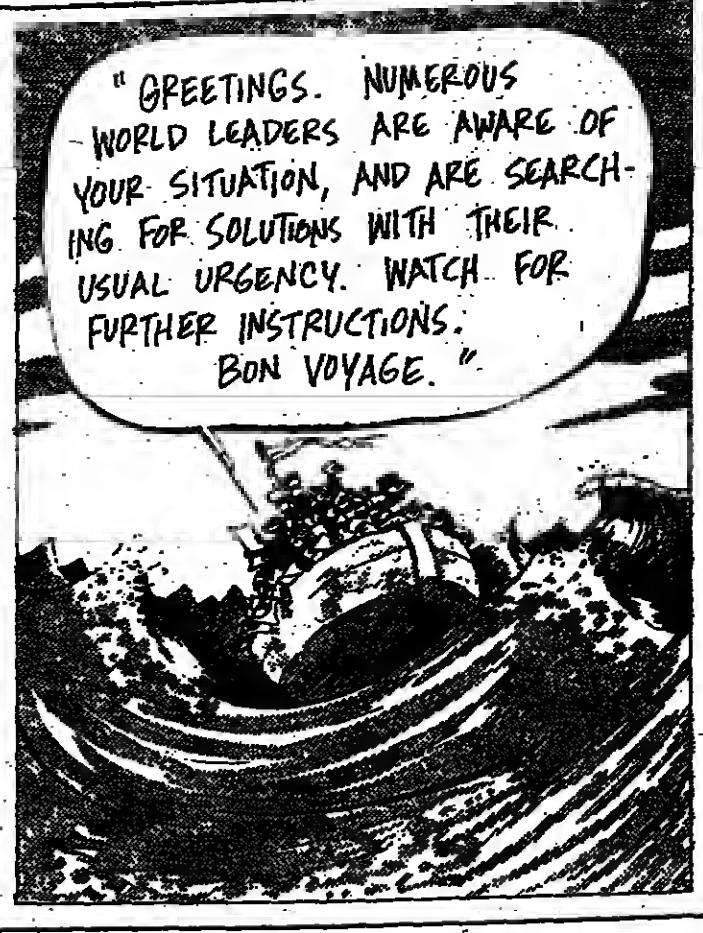
July 5, 1904

Fifty Years Ago

July 5, 1929

BERLIN — Two women entered one of the principal summer restaurants here recently, only to find upon taking their seats that women accompanied by a man were not to be served. The women — who represented Sweden at the recent Women's Congress — did not hesitate to publicize this discriminatory measure, and it has been commented upon with some severity. It is generally felt that such restrictions are admirable when exercised with discretion, but in this case show that the manager lacks the finer diplomatic senses. The policy of restaurant proprietors here is likely to be modified somewhat.

NEW YORK — Two excavators, working 45 feet below Wall Street, today dug up the beams of an old ship, cannonballs, and 100 bottles of West Indian rum, all at least 125 years old. The ship probably sank in a tributary of the East River before the stream was filled by rum. When the New York Historical Society arrived at the scene of the excavation, only three bottles of rum remained intact — for excavators are lousy lads. One of these remaining bottles was opened and tasted. The tasters said that the rum therein tasted like vanilla. But then, the United States has had Prohibition for 10 years.



Senate Debate on SALT-2: A Nay...

By John G. Tower

WASHINGTON — The Vienna summit, the scene of the first face-to-face meeting between Presidents Carter and Brezhnev, brought forth a new strategic arms limitation treaty, but little else — and certainly no surprises.

Hailed amidst the now-acquainted pomp and ceremony as issuing in a new era of peace and stability, SALT-2, as the treaty is known, is purported to have been carefully drawn over several years to meet, in every critical respect, the national security interests of the United States. It does not meet that objective. It merely creates a false and dangerous illusion of that accomplishment. Indeed, ratification of the agreement in its present form by the Senate would essentially codify a position of strategic inferiority for this nation vis-a-vis the Soviet Union.

Although the treaty was only officially submitted to the Senate after Vienna, ample administration revelation of its terms in advance of the signing produced significant opportunity for the study of its contents — studies which have brought many expressions of grave concern. In apparent recognition of this concern, both Mr. Carter and Soviet leaders have engaged in frequent rhetorical pressures of their own by presenting the treaty to the Senate on a take-it-or-leave-it premise. Brezhnev and Gromyko have both warned the Senate against any alteration, and Carter has quickly echoed the admonitions with cries of dire consequences which would surely follow any change or rejection of "their" treaty. But, in the U.S. Senate — each senator will fulfill its collective constitutional duty of advice and consent. In the forthcoming debate on SALT-2, we will not be threatened by ultimatums from whatever source.

Unequal

SALT-2 is seriously flawed. It is unequal in its levels of strategic capabilities; it does not constrain major Soviet programs; and it is unverifiable in many respects. Verification, which has been the subject of greatest public attention, is only one of several critical shortcomings. It is true that the ability of the United States to detect Soviet cheating has been seriously impaired by events in Iran. We would not fully recover that capability even if the Turkish government should allow us to fly high-altitude U-2 missions over its territory, a proposal the administration has been unable to successfully negotiate. The treaty expressly permits encryption of telemetry data from Soviet missile test flights, and although it bans deliberate denial of information which impedes verification, the Russians are unfortunately permitted to make the sole determination of what specific data would impede the verification process. It must be recognized, however, that with this treaty, even 100 percent verification capability would merely permit the United States to record Soviet attainment of strategic superiority — all within full compliance with the terms of the treaty.

And there are other ironies couched in the vague language of this so-called balanced accord. It does not limit missiles, only "launchers," but it fails to define what a "launcher" is. It "limits" increases in ICBM silo volume to 32 percent, but fails to tell us what the present volume are. It "limits" new ICBMs to a 5 percent increase in several dimensions, yet fails to give the present dimensions.

Gravest Concern

Perhaps of gravest concern to U.S. strategic planners is the growing vulnerability of our land-based Minuteman-3 ICBM force. Yet, under SALT-2, the Soviet Union is allowed to retain all 308 of its super-heavy SS-18 ICBMs with as many as 10 warheads each. The United States is denied even the option to develop heavy missiles, and its Minuteman-3, which will be its basic ICBM throughout the treaty period, deploys only three warheads on each missile.

Qualitative improvements to Soviet weapons, improvements allowed by the treaty, will soon endow that one group of heavy missiles (SS-18s) the capability to destroy virtually all the Minuteman force, as well as most of our B-52s

on the ground and many of our ballistic-missile submarines in port. That "heavy missile" inequity of SALT-2 will cost the United States some \$30 billion to develop the more survivable MX-mobile ICBM system. But, even that program is constrained by the protocol to the treaty which prohibits testing of mobile launchers until 1982. In addition to this concession, which will help delay deployment of the MX until the late 1980s, verification considerations of SALT-2 present other obstacles to the MX. The need to satisfy Soviet concerns about adequate verification may force the president to reject the most effective and least expensive vertical silo, or "shell game" system favored by the Air Force, and go instead with the more expensive, less survivable "treacherous method" or other similar system. In either even, planned deployment will not

take place until — long after the SALT-2 treaty has expired and the Soviet Union has achieved acknowledged first-strike superiority over our retaliatory forces.

Other Problems

There are other serious problems in the proposed SALT-2 treaty which will result in significant theater disparities of great concern to our NATO allies. Thus, the Soviet Union's advanced penetrating bomber, the Backfire, and the enormous, 34,000 mile Soviet "intermediate" range missile are excluded from the terms of SALT-2, while the United States has accepted severe constraints on its ground and sea-launched Cruise missile ranges, the number of air-launched Cruise missile carriers, and on the transfer of new weapon technology to our allies.

Our allies can only assume that

the United States sees their security as negotiable in reaching down into our theater forces for "bargaining chips" to use in SALT-2 forces and issues rather left to negotiations of Mutual and Balanced Force Reduction between the Eastern and Western nations.

All Americans want real arms limitation, control and reduction, not a dangerous and destabilizing facade. We must, therefore, reject the Carter SALT-2 policy of agreement for agreement sake, and instead, seek arms controls which provide meaningful reduction, true equality, and full verifiability. Only then can we assure both our national security and arms control which will truly reduce the risk of war.

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Sen. Tower, R-Texas, wrote this article for the International Herald Tribune.

...And an Endorsement

By Edward M. Kennedy

WASHINGTON — The recent signing of the SALT-2 agreement in Vienna is a historic achievement for which both President Carter and Brezhnev deserve great credit. No issue is more important than nuclear arms control and the prevention of nuclear war.

It is now up to the United States Senate to ratify the SALT-2 agreement — a course I strongly endorse. The SALT-2 treaty will enhance the security of the United States and its allies, reduce the danger of nuclear war and initiate a process of meaningful nuclear arms control.

SALT-2 may not solve all vexing political, economic and security problems between the United States and the Soviet Union, but it will give us the necessary mutual confidence to tackle them more effectively in the future.

SALT-2 will enhance our security of the United States in at least eight substantial ways. First, the treaty will establish unprecedented

equal ceilings for the strategic nuclear forces of the two superpowers, reflecting the 1972 guidance of Congress and building upon President Ford's negotiating achievements at Vladivostok.

Second, it will require the Russians to dismantle some 250 air systems, while not requiring the United States to eliminate a single operational system.

Third, it will provide a series of equal subceilings on various categories of weapons, with the specific net effect of constraining the most threatening Soviet program — its MIRVed ICBMs.

Fourth, it will limit each country to only one new type of ICBM, thereby controlling the pace of modernization for the first time and imposing a more severe practical limit on the Russians, given their heavy reliance on ICBMs.

Fifth, the new SALT treaty will limit the number of warheads that

can be placed on a given missile, thus preventing the Soviets from fully exploiting their heavy missiles by deploying thousands of warheads against us.

Sixth, it will prohibit the deployment of mobile ICBMs during the period of the protocol, again a more severe constraint on the Russians who could deploy a mobile ICBM today.

Seventh, it will protect our ability to verify what is important to verify.

Eighth, and finally, SALT-2 will protect those options the Department of Defense believes are necessary to maintain the viability of our deterrent triad — the Trident submarines and long-range air-launched Cruise missiles on our B-52 bombers. It even protects options which should not be exercised, such as the MX missile.

Despite these advantages of SALT-2, critics are complaining that SALT leaves too many warheads in the hands of the Russians. Shopworn arguments are being revived about the Soviet Backfire bomber. Doubt is being raised about our ability to verify the new agreement.

But critics are silent about the consequences of a failure to ratify SALT. They are properly silent, because it is not easy to contemplate an increase in superpower confrontation, an escalation of the arms race, and an upsurge in the dangers of nuclear war. A world without SALT is not a pleasant prospect to contemplate.

So we look to SALT-2 to lead the way to more substantial arms reductions under SALT-3, as well as under MBFR. But we also look to SALT-2 to make nuclear war less likely, not only by increasing strategic stability but if possible by reducing the incentives over to consider the option of nuclear war.

I believe that failure to ratify SALT-2 would be a major blow to the potential for nuclear arms control and future U.S.-Soviet cooperation. By contrast, ratification of SALT-2 will make it possible for the Soviet Union, the United States, and our allies and friends to address our other mutual problems in a climate of increased assurance and hope for the future.

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Sen. Kennedy, D-Mass., wrote this article for the International Herald Tribune.

Backing Agrarian Reform

By Jonathan R. ...

LONDON — ... the ... ing boots there are ... Nicaragua, Iran or ... dunder sounds that ... the impetus for the ... scape of old peasants ... young village com ... survive to seek their ... town.

Injustice in the ... day breeds revolution ... tomorrow. Agrarian ... energy and disarmament ... world's major problem ... subject of an ... conference organized by ... Food and Agricultural ... tion to be held in Rome ... The world should treat its ... ions as seriously as they ... OPEC meeting.

Nicaragua has the ... bition of land in a ... known for the rule of ... Somoza family is ... largest single landholder in ... country. Two percent of the ... farmers own half the land ... sharp contrast, half of the ... make do with 2 percent of ... land.

All this was supposed to ... changed with the Alliance for ... launched by President Kennedy ... at Punta del Este in 1961.

The charter called for the "effe ... tive transformation of unjust ... tures and systems of land ten ... and use." Nicaragua was cons ... ed to target No. 1.

It was pressured by the Inter ... American Development Bank ... enact an agrarian reform law ... 1963. The words, however, bind ... led the page. The White House ... disturbed by events in Cuba, ... came alarmed by the destabilizing ... impact land reform might have ... the Somoza regime. Pressure w ... put on the bank to draw in ... horns. Nicaragua was left to st ... what would be, given time, rev ... itionary justice.

In fact, the situation under ... shah was very different from ... a land reform of some sign ... lance was carried out over ... years ago. In some respects it ... quite bold, although it never ... to grips with the problem of ... landless or the power of the ... lords to make sure they kept ... better quality land for themselves.

Fatal Flaw

The fatal flaw, however, was ... in the redistribution program; ... in the follow-up. The shah ... gave the rural economy the pri ... it deserved. His massive oil ... nes were spent in an attempt ... gate-crash the industrial revolution ... Money, manpower, and above ... expertise, were not provided in ... villages. So there were no co-op ... tives and few extension services.

Agricultural productivity decl ... ed. Food imports shot up sharply. Given the vast discrepancy betw ... town and countryside, the rural ... odus became a flood. Classic Die ... Whittingtonian.

Someone successfully jumped on ... shah's oil money escalator. The ... were left, marginally employed ... best, nursing their bruises at ... bottom — and waiting for the ... lation.

The war in Rhodesia is not a ... root an issue of race. It is, and ... been since the days of Cecil ... Rhodes, a question of land. The ... Europeans grabbed the best land ... after they defeated the Masobas ... 1896. The Africans now want it ... back.

European colonialism left a pain ... ful legacy, not just in Africa, ... across the world. The conquests ... dross, Cortes, Pizarro and their ... lowers came to the Americas to live ... in noble style. They carved for ... themselves great estates. The Span ... ish kings, with their land grants ... laid the foundation for the system ... of latifundia that was to dominate ... Latin American agriculture down ... to this day.

Liberating

Land reform, if effectively ... ried out and sensibly followed ... through with detailed advice ... support, is a great liberating force. ... Not only politically, but economi ... cally. A World Bank study on ... land reform quotes its own researches ... 41 countries. They show consi ... sively that a smaller average size ... of holding and a lower concentration ... of ownership produce an increase ... in output per acre.

Agrarian reform is not going to ... end the Third World's political ... instability overnight. But it will ... much to bring a sense of confi ... dence to the countryside. At the ... same time, it will slow the growth ... of the hyperinflation without ... whose destabilizing revolutions ... cap-never happen.

The traditional aim, suitably ... adapted, "to every man his ... and his mule" has even in 1979 ... much to commend it. The agrarian ... reform conference should give it a ... good push.

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The Art Market

Modern Masters Command Record Prices at London Auctions

By Souren Melikian

LONDON, July 4 (IHT) — With the two extraordinary auctions of paintings by 19th and 20th-century masters held Monday and yesterday at Christie's and Sotheby's, the upper end of the market may be said to have doubled in value overnight.

On Monday, Christie's was selling 26 paintings acquired between 1915 and 1929 by a Swiss industrialist, Hans Mettler. None of them had been offered on the market since then and only a few had been exhibited, so that the surprise was complete. Even seasoned dealers could not conceal their admiration and delight with the star pieces. This gave the major pieces a phenomenal boost, which helped Christie's auctioneer and director of the department of Impressionist and modern masters, John Lumley, in his superb performance.

The first major lot was one of Henri de Toulouse-Lautrec's greatest paintings — "La Grande Loge," a portrait of two courtesans at the Opera done in pastel, a scene and gouache on board. Bought by Mettler in June, 1922, from the Paris dealer Georges Bernheim for 50,000 francs in the currency of the time, it broke a world record for the artist at £407,000, far above the previous £253,000 record established in December, 1975, at Sotheby's with a marvelous portrait, "La Fille à l'Acrobatte Coccinelle."

The next key piece, a still life by Odilon Redon, "Roses in a Vase With a Warrior," soared to £286,000. This was 2½ times the pre-sale estimate, based on the previous world record of \$247,500 paid in New York at Sotheby's for a similar Redon still life.

The last top pieces in their own category were two landscapes by Ferdinand Hodler, when the Swiss now tend to consider as one of their two 20th-century masters of international stature. This viewpoint is not universally shared outside Switzerland. However, competition be-



Matisse's "Le Jeune Marin" sold for £792,000.

tween Swiss buyers was enough to send a landscape in deep blues and greens, reflecting the influence of Japanese prints possibly absorbed through the work of the French artist Jacques Riviere, to an unheard-of £324,000. This is four times the record established in June, 1978, at Cornfield and Kipstein of Bern when Hodler's "The Woodcutter" was knocked down at 262,000 Swiss francs. Ironically, an exquisite landscape with a marvelous palette, rated more highly by many non-Swiss connoisseurs, was bought for "only" £77,000 by the Basel dealer Ernst Beyeler.

These huge prices are indisputable evidence of the attitude of the world's top buyers toward top works by Impressionist and 20th-century masters. It is worth emphasizing that they were not paid in an atmosphere of giddy recklessness. Of the 26 lots, 19 were sold for a net £968,750 while the remainder, representing 29 percent of the sale in value, were bought in for failure to reach their reserve prices.

Immediately after the sale, a Renoir painting of indifferent quality, overrated by the sellers, was sold privately at the knockdown price of £121,000. One major landscape by Paul Cezanne called "Uo Cio" was bought by the New York dealer Stephen Hahn for £159,000. This is a moderate price explained by the fact that this type of painting without any visible sky or any touch of bright color does not suit present-day tastes. A good Pissarro was bought in at £104,000. Even a Van Gogh painted in beautiful shades of oranges, but lacking the shimmer and swirling movement required by the taste of the day in a top Van Gogh, was bought in at £462,000.

This trend toward a much higher pricing of top works and a climate



Toulouse-Lautrec's "La Grande Loge" fetched £407,000.

of clear-minded restraint toward inferior pieces, famous signature notwithstanding, was confirmed yesterday.

In the morning Christie's continued to score, establishing a world record for any work by an Impressionist or a 20th-century master with "Le Jeune Marin," a portrait of a young sailor done around 1906-7 by Henri Matisse. The price, £792,000, was again helped by a surprise effect. In Norwegian collections since 1919, the portrait had not been seen outside Norway since 1931, excepting its loan in 1976-77 to the Centre Pompidou in Paris. It was known through black-and-white illustrations that gave an idea of its true splendor.

By last night, when Sotheby's held its auction of modern paintings and drawings from the Paul Rosenberg collection, the excitement in expectation of top works had sharpened. The sale benefited from the aura that surrounds the name of Paul Rosenberg, one of the great dealers of the century and one of those who promoted Pablo Picasso and Cubism.

The second asset was that the sale included the first consistent group of fine Cubist works by Picasso and Braque seen at auction in years. Although none can be argued to represent the art of the period at its very highest, they were excellent. That inevitably resulted in a world record for a Picasso when a Cubist still life, "La Boutelle de Vin," dated 1926, zoomed to £506,000 paid by Ernst Beyeler. The big, brightly colored, spectacular piece typifies the idea that the public has of a Picasso Cubist work. It is the obvious piece for a museum.

This also applies to a masterly pastel portrait of a woman seated on a beach in the figurative, almost

realistic style practiced by Picasso around 1920. Forcefully drawn, finely colored, with a touch of distortion verging on the monstrous, it is another piece for a museum, a fact reflected in the huge price of £308,000. Much the same may be said of "La Tasse de The," Fernand Leger's Cubist portrait of a woman stirring sugar in a cup of tea done in 1919. At £156,200, this too is a world record for the artist.

However, spectacular world records may be. Sotheby's true feat lies in the huge prices fetched by pieces of very good quality but minor interest. This is what accounts for last night's net total of £3,526,370 with a negligible 2.18 percent in value unsold. It is incredible for example that Picasso's drawing of a nude woman reclining on a sofa, which looks like a classical pastiche, should have sold for £20,900.

Brilliant as his study of a fisherman walking may be, his neo-16th-century look hardly justifies the £49,500 paid for it. Nor was his neo-18th-century sketch of a young boy worth his £18,700, and so on.

Had it not been for the intensive public relations and publicity campaign brilliantly mounted by Sotheby's around the Paul Rosenberg-Picasso theme, which resulted in a thickly packed room and telephone bidding from Los Angeles, New York and Zurich on an unprecedented scale, I doubt if the boy would have fetched £10,200. Caught in a web of bureaucracy, the Prado was limited in trying out new ideas and buying paintings.

The current transformation has not been simple. "We are going through the museum's most difficult period," said the director. "At times, 7,000 people visit the Prado daily, and the problems are accumulating. But we are overcoming them, little by little."

Museums

Prado Acts Against Decay and Thefts

John Witherow

MADRID (Reuters) — The Prado Museum, which for 160 years has housed some of the finest paintings in the world, is installing a \$15-million air-conditioning and security system to protect itself from pollution and theft.

For humidity and temperature control, the museum is constructing an underground control center behind the elegant, neoclassical building. The conversion, which should be completed next year, also allows for a new conference room, a library, a research center and a cafe.

With the Spanish capital's serious pollution problem, caused by industry and an ever-increasing traffic flow, controlling the atmosphere in the tall, echoing chambers has become vital. "In the last 15 years, some paintings have become more damaged by pollution than during the last century," said the deputy director, Alfonso Perez Sanchez.

And when those paintings in-

clude the finest collections of Goya, Velazquez and El Greco in any museum, along with superb examples of Titian, Rubens and Hieronymus Bosch, their protection has become of paramount importance.

A rising number of art thefts in Spain has prompted the museum to install a modern security system. "The building will soon be controlled by closed-circuit television and infrared rays that will activate an alarm if people touch paintings," according to Jose Manuel Pita Andrade, the director of the museum.

Only Minor Thefts

He stressed that despite the apparent present lack of security, there are several hidden devices that insure a fairly high level of protection. Prado officials point out that the museum has suffered only minor thefts and vandalism since it was founded in 1819 — in striking contrast to many of the world's other leading galleries.

The last time a painting was dam-

aged was in 1968, when a 22-year-old Spaniard gouged a hole in a priceless Flemish masterpiece and slightly damaged four other paintings. But there is little doubt that a new wave of thefts is of serious concern to the Prado, which has lost more than 2,000 paintings to museums, government departments and churches in the last century.

The Prado is facing a period of reorganization after decades of conservative and unimaginative management. Director Pita Andrade has the task of regaining for the museum some of the autonomy it lost in 1968, when Franco's government set up a national board of museums. Caught in a web of bureaucracy, the Prado was limited in trying out new ideas and buying paintings.

The current transformation has not been simple. "We are going through the museum's most difficult period," said the director. "At times, 7,000 people visit the Prado daily, and the problems are accumulating. But we are overcoming them, little by little."

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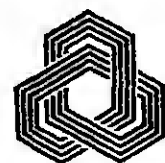
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Jean Fabbri, Annik Alane in "Russian Farce."

Theater in Paris

Fabbri's 'Russian Farce' Good Light Vaudeville

By Thomas Quinn Curran

PARIS, July 5 (IHT) — The Russian farce "Je veux voir Miossov" has moved into the Theatre du Palais-Royal for the summer with Jean Fabbri, the popular cinema clown, as its centerpiece. Jacques Fabbri has directed it to maintain the necessary dizzy speed. Yves Fassinier has designed appropriate apparel and a set of a Moscow rest clinic's reception (with six doors and two stairways for escape) and Jean-Michel Rouzeau, the theater's manager, has assembled an able supporting cast, so that it is well at the roccoco temple of laughter in Rue Montpensier — if light vaudeville is your dish.

What do Russians laugh at? It is mistakenly believed that they never laugh at all — at least not in a theater. In foreign imagination a Russian play is filled with more murders, suicides, sudden deaths, and sprawling catastrophes than a tabloid newspaper. That the Slav playwright often depicts heart-rending despair and the melancholy twilight mood is true enough, but even the darkest of these authors is inclined to salt his dramas with humor and occasionally to make a holiday from gloom.

Ironical Jest

Tolstoy wrote tragedy, but there is irony in much of it and in "The Fruits of Enlightenment" he founded allegorical comedy. The two most famous classics of the Russian stage — Griboyedov's "Woe From Wit" and Gogol's "The Inspector General" — are both comedies with farcical sequences. Chekhov wrote in addition to "The Cherry Orchard" and "The Sea Gull," which he termed comedies, and Evgeny in "The Foundation of the Apples" even spoofed granddiggers and made death a joke.

Since the Revolution, the crushing burden of "socialist realism" has been officially imposed on the stage, but comedy to an appreciable degree has evaded this "im edict" and has been favored by Russian audiences. In its sharper, satirical form, it has suffered censorship — in the case of Bulgakov's "Zoya's Apartment" and the witty sketches of Averchenko and Zolotarev — but in milder jesting it is escaped execution. Shklovskiy's "Another Man's Child" ran for years as have the plays of Valentin Yatsyev, author of the Palais-Royal's present occupant.

Good, Clean Fun

Katayev, a celebrated post-Revolutionary humorist, hailed from Odessa, a city that has provided Russia with much laughter. His play "Squaring the Circle," played widely abroad, might be described as a Russianized version of a Noel Coward quartet with the sex-related muted. "Je veux voir Miossov" is modeled after the Feydeau technique with again a spoofing of anything in the least suggestive. It is, as they say "good, wholesome fun."

A bewildered Muscovite, intent on cutting through bureaucratic red tape, invades a safe home to track down a commissioner's signature required so that patients for the cots a children's hospital may be obtained. From his arrival in the clinic to his departure at the evening's end there is the expected mix-up about who is who. Where a Russian boulevard dramatist would have moved the middle into a suite bedrooms and injected some "sophisticated" Russian cynicism, Fabbri makes it a good candidate for the Palais-Royal, known as the one of red-hot boulevard goings-on.

Lefebvre as the sought-after boss Andre Gille as his pursuer, Annik Alane, Francoise Fleury, Francoise Tirmont and their companions play it with stimulating, st. Offense, unable to adjourn to sleeping quarters. It stoops to childish. No comic in the last years has dared to hide in a madhouse clock as happens here. A last actor to attempt such a gag in a London farce of 1929 — was Lefebvre's credit that he gets away with this unharmed.

Royalty

Rainier Marks 30 Years Of Calm, Monaco Reign

By Robert Muesel

MONTE CARLO (UPI) — In his years as ruler of Monaco Prince Rainier has at least three times battled discreetly for his principality. This year he is celebrating his 30th anniversary on the throne of a country that has no debt, no unemployment, no personal taxation, a very high standard of living, and — most important — the best relations in years with its neighbor and protector, France.

There is a tendency to overlook Monaco's problems and concentrate on its glamorous ruling family — which Prince Rainier good-humoredly accepts as inevitable.

Around the harbor, apartment houses and hotels climb the hills in close formation. The high-rise buildings are familiar now, but soon after his marriage to the former Grace Kelly in April, 1956, Rainier ran into a confrontation with his council, which wanted to keep Monaco as it was — a museum of villas inhabited by the wealthy and mainly supported by its gambling casinos.

That August, he coupled the announcement that Princess Grace was pregnant with a warning that the country might not endure if he was hampered in his powers.

Rainier is a devoted family man and does not like Princess Caroline, with his council, which wanted to keep Monaco as it was — a museum of villas inhabited by the wealthy and mainly supported by its gambling casinos.

"Someday," Rainier said in an informal interview in his 210-room palace, "this will be Albert's home and I wanted to get his sisters off his back. Caroline's house belonged to her grandfather and she used to visit there as a child. So she knows the house and it will bring back memories. Stephanie is next door."

Prince Albert, the 21-year-old Hereditary Prince, is handsome, and when he succeeds his father there will be a ruler on a European throne who is half American. He recently performed in the principal role with the glee club of Amherst College, where he is a student.

Rainier, who is 56, gave an indication that he may hand the throne over to Albert when he feels his son is ready for the responsibility. "The (sovereign) Prince can abdicate at the favor of a direct descendant," he said. But he added that his own work is not yet finished, although "the future looks good."

He has changed the direction of the country, he said, away from a gambling resort where everybody lived off the green cloth to a nation drawing only 3 percent of its revenue from games of chance — the rest from business taxes and other sources.

Tourism is the keystone of its

Cyprus Figurines Found

NICOSIA, Cyprus (Reuters) — Nearly 10,000 terra-cotta figurines from the third and fourth centuries B.C. have been found in excavations at an ancient site at Amathus, near Limassol, in Cyprus. A report by the Antiquities Department said most of them seemed to represent female figures.

FRANK VAN BRAXLE

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Eurocurrency Interest Rates

July 4, 1979

	Dollar	Deutsche	Swiss	French	Spanish
1 M. 9/15/79	11 1/16	5 1/16	4 1/16	14 1/16	10 1/16
3 M. 10/15/79	10 1/16	4 1/16	3 1/16	13 1/16	9 1/16
6 M. 11/15/79	9 1/16	3 1/16	2 1/16	12 1/16	8 1/16
1 Y. 12/15/79	8 1/16	2 1/16	1 1/16	11 1/16	7 1/16



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Banque Internationale de Luxembourg S.A.
Banque Nationale de Paris
Banque de Neufchâtel, Schlumberger, Mallet
Banque Norddeutsche S.A.
Banque de Paris et des Pays-Bas
Banque Populaire Suisse S.A. Luxembourg
Banque de l'Union Européenne
Bayerische Hypotheken- und
Wechsel-Bank
Bayerische Landesbank Girozentrale
Bayerische Vereinsbank
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Citicorp International Group
Commerzbank
Copenaghen Handelsbank
County Bank
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Credito Italiano
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- Deutsche Kommunalbank -
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Limited
Hamburgische Landesbank
- Girozentrale -
Hansabank N.V. (Overseas)
Limited
Hessische Landesbank
- Girozentrale -
Hilf, Santoni & Co.
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Klüber, Peabody International
Kleinwort, Benson
Limited
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& Investment Co. (S.A.J.)
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Tietz & Borchardt
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Union Bank of Norway Ltd.
Veritas- und Westbank
Aktiengesellschaft
V. Vornholz & Co.
M. M. Warburg & Co. Ltd.
Westfälische
Aktiengesellschaft
Weserbank
Wood Gundy Limited
Wolfsch International (Europe)
Limited

Toronto Stocks

Closing Prices July 3, 1979

High	Low	Close	High	Low	Close
4100	4050	4075	100	95	98
4200	4150	4175	110	105	108
4300	4250	4275	120	115	118
4400	4350	4375	130	125	128
4500	4450	4475	140	135	138
4600	4550	4575	150	145	148
4700	4650	4675	160	155	158
4800	4750	4775	170	165	168
4900	4850	4875	180	175	178
5000	4950	4975	190	185	188
5100	5050	5075	200	195	198
5200	5150	5175	210	205	208
5300	5250	5275	220	215	218
5400	5350	5375	230	225	228
5500	5450	5475	240	235	238
5600	5550	5575	250	245	248
5700	5650	5675	260	255	258
5800	5750	5775	270	265	268
5900	5850	5875	280	275	278
6000	5950	5975	290	285	288
6100	6050	6075	300	295	298
6200	6150	6175	310	305	308
6300	6250	6275	320	315	318
6400	6350	6375	330	325	328
6500	6450	6475	340	335	338
6600	6550	6575	350	345	348
6700	6650	6675	360	355	358
6800	6750	6775	370	365	368
6900	6850	6875	380	375	378
7000	6950	6975	390	385	388
7100	7050	7075	400	395	398
7200	7150	7175	410	405	408
7300	7250	7275	420	415	418
7400	7350	7375	430	425	428
7500	7450	7475	440	435	438
7600	7550	7575	450	445	448
7700	7650	7675	460	455	458
7800	7750	7775	470	465	468
7900	7850	7875	480	475	478
8000	7950	7975	490	485	488
8100	8050	8075	500	495	498
8200	8150	8175	510	505	508
8300	8250	8275	520	515	518
8400	8350	8375	530	525	528
8500	8450	8475	540	535	538
8600	8550	8575	550	545	548
8700	8650	8675	560	555	558
8800	8750	8775	570	565	568
8900	8850	8875	580	575	578
9000	8950	8975	590	585	588
9100	9050	9075	600	595	598
9200	9150	9175	610	605	608
9300	9250	9275	620	615	618
9400	9350	9375	630	625	628
9500	9450	9475	640	635	638
9600	9550	9575	650	645	648
9700	9650	9675	660	655	658
9800	9750	9775	670	665	668
9900	9850	9875	680	675	678
10000	9950	9975	690	685	688

Currency Rates

By reading across this table of the July 4, 1979's closing inter bank foreign exchange rates, one can find the value of the major currencies in the national currencies of each of the following financial centers. These rates do not take into account bank service charges.

	U.S.	DM	FF	£	Sw.	Yen
Amsterdam	2.2025	4.511	110.775	47.45	0.2455	16.74
Berlin	2.2025	4.511	110.775	47.45	0.2455	16.74
London	2.2025	4.511	110.775	47.45	0.2455	16.74
Paris	2.2025	4.511	110.775	47.45	0.2455	16.74
Frankfurt	2.2025	4.511	110.775	47.45	0.2455	16.74
Geneva	2.2025	4.511	110.775	47.45	0.2455	16.74
Stockholm	2.2025	4.511	110.775	47.45	0.2455	16.74
Oslo	2.2025	4.511	110.775	47.45	0.2455	16.74
Norway	2.2025	4.511	110.775	47.45	0.2455	16.74
Sweden	2.2025	4.511	110.775	47.45	0.2455	16.74
Denmark	2.2025	4.511	110.775	47.45	0.2455	16.74
Finland	2.2025	4.511	110.775	47.45	0.2455	16.74
Japan	2.2025	4.511	110.775	47.45	0.2455	16.74
South Korea	2.2025	4.511	110.775	47.45	0.2455	16.74
Hong Kong	2.2025	4.511	110.775	47.45	0.2455	16.74
Taiwan	2.2025	4.511	110.775	47.45	0.2455	16.74
Philippines	2.2025	4.511	110.775	47.45	0.2455	16.74
Thailand	2.2025	4.511	110.775	47.45	0.2455	16.74
Singapore	2.2025	4.511	110.775	47.45	0.2455	16.74
Malaysia	2.2025	4.511	110.775	47.45	0.2455	16.74
Indonesia	2.2025	4.511	110.775	47.45	0.2455	16.74
Brunei	2.2025	4.511	110.775	47.45	0.2455	16.74
Saudi Arabia	2.2025	4.511	110.775	47.45	0.2455	16.74
U.A.E.	2.2025	4.511	110.775	47.45	0.2455	16.74
Qatar	2.2025	4.511	110.775	47.45	0.2455	16.74
Oman	2.2025	4.511	110.775	47.45	0.2455	16.74
Yemen	2.2025	4.511	110.775	47.45	0.2455	16.74
Somalia	2.2025	4.511	110.775	47.45	0.2455	16.74
Ethiopia	2.2025	4.511	110.775	47.45	0.2455	16.74
Kenya	2.2025	4.511	110.775	47.45	0.2455	16.74
Uganda	2.2025	4.511	110.775	47.45	0.2455	16.74
Rwanda	2.2025	4.511	110.775	47.45	0.2455	16.74
Burundi	2.2025	4.511	110.775	47.45	0.2455	16.74
Tanzania	2.2025	4.511	110.775	47.45	0.2455	16.74
Zambia	2.2025	4.511	110.775	47.45	0.2455	16.74
Botswana	2.2025	4.511	110.775	47.45	0.2455	16.74
Lesotho	2.2025	4.511	110.775	47.45	0.2455	16.74
Swaziland	2.2025	4.511	110.775	47.45	0.2455	16.74
Namibia	2.2025	4.511	110.775	47.45	0.2455	16.74
Angola	2.2025	4.511	110.775	47.45	0.2455	16.74
Mozambique	2.2025	4.511	110.775	47.45	0.2455	16.74
Madagascar	2.2025	4.511	110.775	47.45	0.2455	16.74
Maldives	2.2025	4.511	110.775	47.45	0.2455	16.74
Sri Lanka	2.2025	4.511	110.775	47.45	0.2455	16.74
Myanmar	2.2025	4.511	110.775	47.45	0.2455	16.74
Burma	2.2025	4.511	110.775	47.45	0.2455	16.74
Cambodia	2.2025	4.511	110.775	47.45	0.2455	16.74
Laos	2.2025	4.511	110.775	47.45	0.2455	16.74
Vietnam	2.2025	4.511	110.775	47.45	0.2455	16.74
North Vietnam	2.2025	4.511	110.775	47.45	0.2455	16.74
South Vietnam	2.2025	4.511	110.775	47.45	0.2455	16.74
Cyprus	2.2025	4.511	110.775	47.45	0.2455	16.74
Malta	2.2025	4.511	110.775	47.45	0.2455	16.74
Seychelles	2.2025	4.511	110.775	47.45	0.2455	16.74
Comoros	2.2025	4.511	110.775	47.45	0.2455	16.74
Mauritius	2.2025	4.511	110.775	47.45	0.2455	16.74
Reunion	2.2025	4.511	110.775	47.45	0.2455	16.74
Mayotte	2.2025	4.511	110.775	47.45	0.2455	16.74
Guadeloupe	2.2025	4.511	110.775	47.45	0.2455	16.74
Martinique	2.2025	4.511	110.775	47.45	0.2455	16.74
French Polynesia	2.2025	4.511	110.775	47.45	0.2455	16.74
New Caledonia	2.2025	4.511	110.775	47.45	0.2455	16.74
Wallis and Futuna	2.2025	4.511	110.775	47.45	0.2455	16.74
French Southern Territories	2.2025	4.511	110.775	47.45	0.2455	16.74
British Virgin Islands	2.2025	4.511	110.775	47.45	0.2455	16.74
Cayman Islands	2.2025	4.511	110.775	47.45	0.2455	16.74
Anguilla	2.2025	4.511	110.775	47.45	0.2455	16.74
Antigua and Barbuda	2.2025	4.511	110.775	47.45	0.2455	16.74
Aruba	2.2025	4.511	110.775	47.45	0.2455	16.74
Bahamas	2.2025	4.511	110.775	47.45	0.2455	16.74
Belize	2.2025	4.511	110.775	47.45	0.2455	16.74
Bermuda	2.2025	4.511	110.775	47.45	0.2455	16.74

Eastern Chemicals Flowing West

By John M. Giddes
NEW YORK, July 4 (NYT) — The European chemical industry is growing competition from the U.S. in the West, according to a report by the Western Chemical Association.

The report, which was made by the Western Chemical Association, says that the European chemical industry is growing competition from the U.S. in the West, according to a report by the Western Chemical Association.

Japan Sees Deficit on Transactions

BY KYO, July 4 (Reuters) — Japan probably will have a current account deficit in fiscal 1979, according to a report by the Japanese Ministry of Finance.

The report, which was made by the Japanese Ministry of Finance, says that Japan probably will have a current account deficit in fiscal 1979, according to a report by the Japanese Ministry of Finance.

Oil Consumption Rises 0.9% in '79 in OECD Area

PARIS, July 4 (Reuters) — Consumption of oil in the major OECD area rose 0.9 percent in the first four months of this year, compared with the same period in 1978, the Organization for Economic Cooperation and Development said today.

The monthly report on oil trends that the five major European countries covered — France, Italy, Netherlands, Britain and West Germany, showed an overall 3.3 percent increase. Japan registered a 1.2 percent rise, and U.S. consumption fell 0.7 percent.

Current Surplus Down for May

W. Germany

From Agency Dispatches
FRANKFURT, July 4 — West Germany's current account surplus shrank to 22 million Deutsche marks in May from 1.35 billion in April, according to the Bundesbank.

The Bundesbank said the nearly "dramatic" current account surplus was due to a sharp rise in both exports and imports, which narrowed the trade surplus to 2 billion DM from 4.3 billion in April.

During the next 10 years, common chemical output is expected to grow at a 6-percent annual rate. While this is below the growth of the early 1970s, it is well above a forecast for the Western counterpart's growth rate of 4 to 5 percent a year.

Although the East's chemical industrialization drive was designed primarily to fulfill domestic requirements, there has been some spillover into West European markets. The growth of the East bloc's chemical industry and its exports to the West have narrowed Western Europe's trade balance in chemicals.

Although imports from the East do not amount to 5 percent of the market share of any product, their potential growth worries some executives of Western companies.

An Eastern bloc country in a compensation deal, Mr. Hodgson said, "receives Western technology for a fraction of its true worth, together with the finance needed to buy equipment and pay for the construction of the plant, often provided at low or negligible rates of interest."

Stake in Accounts
Tony Church, an analyst at Kidder, Peabody in London, said: "The chemical industry goes around blaming each other. It seems to me that these people don't really have a common platform."

VW Sets U.S., Mexico Expansion Plans

WEST BERLIN, July 4 (Reuters) — Volkswagen's confidence in the U.S. market is growing, it plans to spend 5.7 billion Deutsche marks in the next two years to expand production facilities in West Germany and abroad.

Managing board chairman Toni Schmuecker also told the annual meeting that VW recorded a 13-percent increase in world group vehicle sales in the first half over last year and expects satisfactory full-year results. He gave no first-half profit details, but VW previously reported that first-quarter group net profit was up 6.7 percent over a year ago at 175 million DM.

The investment program includes increasing capacity at the Westmoreland, Pa., plant to 1,040 vehicles a day from 800 and expanding the press works in Charleston, S.C., he said.

VW also plans to build a plant in Mexico to produce 1,600 water-cooled four-cylinder engines a day, he said.

The Mexican plant will meet local demand and supply VW of America with engines for the Golf/Rabbit model, enabling the U.S. division to expand its vehicle-product range based on that model. This year, the first step in this direction will be taken by introducing a pickup based on the Golf, he said.

In Brazil, the VW group has bought 67 percent of Gysler do Brasil, formerly a subsidiary of the U.S. automobile, he noted. The takeover will take place in several stages and will give VW the opportunity to establish itself in the promising Brazilian truck market, Mr. Schmuecker said.

Pickup Line
Plans are under way to develop, produce and market a truck line from 4 to 13 tons gross weight, a project helped by VW's cooperation with Maschinenfabrik Augsburg-Nurnberg (MAN), he added.

Other innovations introduced this year or scheduled for introduction, he said, are a face-lift for the Polo and Derby models, equipping the Passat and Audi 80 with a 110-horsepower engine, introducing the Golf convertible, and launching the Jetta, a sedan in the lower-middle range, he added.

VW and Chrysler are contemplating the joint manufacture of economical engines in the United States, Mr. Schmuecker said. Associated Press reported VW also is considering a second U.S. car plant, although he stressed no decision has been made.

Global vehicle deliveries totaled 1.36 million in the first half, he said, including 515,000 VW and Audi models sold in Germany, representing 31 percent of the domestic market and an 11-percent sales

The attractions are twofold. Plant completions, even under compensation accords, can increase sales, appreciably in a sluggish region. BASF reported that the 25-percent growth rate it recorded in East-bloc sales last year resulted almost entirely from the completion of two plants in Yugoslavia.

In addition, some companies say that they tailor their compensation deals to their need for raw materials. Hoechst Director Willi Hoerck said that its Uldes construction subsidiary does not accept compensation deals "in principle," but, in some cases, "we take products from the country where Uldes has built a plant, but only those goods that we can use in our business."

The ICI contract, officials said, is based on the same rationale. Signed in May, 1977, the contract for construction on a buy-back basis of two methanol plants in the Soviet Union will provide ICI with a good source for one of its chief products.

But ICI, according to analysts, is an unusual case. A leader in the methanol industry, it can be expected to regulate sales of the incoming product so that it will not disturb the price structure — at this point, the overriding concern of the West European chemical producers.

Some West German companies have charged that East European chemicals are being dumped on the market. But it is difficult to determine real costs in centrally planned economies, and estimates offered by the East bloc are rejected by the West as unrealistic. West European officials say, nonetheless, that they are investigating some dumping charges.

Turkish Businessmen Doubtful IMF Plan Workable

ANKARA, July 4 (AP-DJ) — Turkish businessmen doubt that their nation will be able to stabilize its economy through its new loan agreement with the International Monetary Fund.

Leading industrialists and bankers say that the government has repeated an earlier mistake by devaluing its currency before obtaining fresh loans to prime the economy. They also are concerned that the government will not be able to meet its pledges to curb inflation and trim the public-sector deficit.

The stand-by loan agreement could thus share the fate of one reached in March, 1978, that was suspended when the IMF decided that Turkey's economic performance was not satisfactory.

"IMF's green light may soon turn into a red light again," said Feyyaz Berker, chairman of the Association of Turkish Businessmen and Industrialists.

The agreement is scheduled to take effect July 19, when the IMF's board of directors meets to ratify it. It provides for a one-year credit of \$300 million and was contingent on a 44-percent devaluation of the Turkish lira at the beginning of last month. A Western aid package of \$1.57 billion will be available to Turkey once the IMF formally approves the agreement, but businessmen believe that the government has made a serious error by devaluing the lira before the arrival of the new credits.

The devaluation is designed to make Turkish exports more competitive, but companies are currently unable to manufacture products to export because they continue to lack the foreign exchange to buy petroleum, other raw materials and industrial components.

Because of the demand for foreign exchange, businessmen expect a new black market to develop. The combination of a new unofficial devaluation and continued shortages of raw materials and consumer goods will intensify inflationary pressures, the businessmen say.

The businessmen urged the government to pursue a rational policy of distribution of resources, encourage foreign investment, raise wages only in return for increased productivity and avoid high agricultural support prices.

There is a feeling among some market sources that some prices, especially for the middle and light crudes, might have peaked for the time being. They cite the underlying supply uncertainties: the extent to which Saudi Arabia will increase output and how long it will be kept at the new level; actual stock levels in the consuming countries, particularly of distillate fuels; and whether Libya will cut back production.

The sources also note the sharply falling consumption of gasoline in the United States, which will facilitate the summer buildup of light heating oil stocks.

Sellers of spot crude are asking about \$35 a barrel but there are few signs of interest at this level. A trader said that he knew of no large oil companies willing to pay more than \$30, which means that they are feebly active in the market. Another broker said that \$32 a barrel FOB (free on board) for Iranian mix would be attractive to at least one large company.

Spot prices for oil products traded in international markets have risen further, a development that under normal circumstances could generate strength in spot crude markets.

S. Korea Nuclear Plans
SEOUL, July 4 (AP-DJ) — South Korea is near a decision to order nuclear reactors from the United States for two power plants, sources say. The multi-million-dollar order would go to Westinghouse Electric, one of a dozen bidders from six nations, they said.

Economic News Analysis 'Food Weapon' — Russian Roulette?

By Ann Crittenden

NEW YORK, July 4 (NYT) — The world's dependence on fuel from the Middle East has a parallel in the realm of food. Most of the globe is as dependent on wheat from the United States as on oil from the Organization of Petroleum Exporting Countries, and this has been growing rapidly in the last few years despite efforts by most nations to become more self-sufficient.

As much as four-fifths of internationally traded grain comes from North America, mostly from the United States, the world's largest exporter. Although harvests for the last three years have been good and stockpiles are at healthy levels, the world is as dependent on adequate rainfall in the Great Plains as on stability in the Middle East.

Can the United States take advantage of this "food weapon" by trading "bushels for barrels" or use its dominance in the grain trade to alleviate the coming economic crisis?

In a sense, this is taking place. Negotiations earlier this year aimed at stabilizing international grain prices failed in large part because U.S. producers did not want to accept a price ceiling. Their reluctance has paid off as bad weather in the Soviet Union has pushed that country into the market in a big way and driven grain prices to their highest levels in four years.

Record Exports
Analysts expect food exports to set a record for the 10th year in a row. The forecast is for exports of \$32 billion, up from \$27.3 billion in 1978. The food weapon, however, is a "dirty bomb" that tends to injure the wrong people, including U.S. consumers. Oil costs 15 cents a gallon in Saudi Arabia, despite soaring prices everywhere else. But when the price of wheat goes up in world markets, it goes up in the United States as well.

Nor can the food weapon be aimed at the powers that the United States might want to influence. The Russians are guaranteed entry into the U.S. market

as a result of an agreement signed by the Ford administration in 1976, and in any event they have the cash to pay for what they want. The oil producers, now major consumers of U.S. grain, can meet virtually any price increase.

This year, according to Agriculture Department estimates, the centrally planned economies will have net grain imports of 34 million metric tons, more than 10 times the levels of the early 1960s. The Soviet Union is buying 15 million tons from the United States in the year ending Oct. 1 and will be buying more next year. The Middle East, including Egypt, a major recipient of U.S. food aid, had net imports of 18 million tons in 1978 and 1979.

The danger, as the prices of food and oil rise, is that these purchasers will bid the poorer developing nations out of the market. In recent years, the developing countries that do not produce oil have been the fastest growing market for U.S. grain exports. In the 1978-79 crop year, they had net imports of 42 million tons, 50 percent more than two years ago.

Most of this rise represents shipments to the middle-income developing countries such as Brazil, Mexico, South Korea and Taiwan. Food production in these nations has barely kept pace with population growth in the last five years. Incomes, on the other hand, have been rising in many of the faster-growing developing nations.

It is extremely doubtful whether this pattern can continue with sharply higher food and fuel costs and with a global recession under way. Nevertheless, U.S. farmers will find a market for their grain. But, if the developing countries decide to continue spending their scarce foreign exchange on food, other U.S. industries will lose one of their most important markets. The food weapon is pointed not only at consumers in the United States and the poor in the rest of the world, but at U.S. business as well.

U.S. Sets Exceptions In Wage-Price Rules

By Helen Dewar

WASHINGTON, July 4 (WP) — Despite a green light from the Supreme Court for sanctions against violators of its wage-price guidelines, the Carter administration indicated yesterday that it will use the penalties cautiously.

While claiming legal vindication for the program, officials conceded that national security or energy needs could force the government to award lucrative contracts to guideline violators. As if to prove the point, the Defense Department said that it had awarded a \$77.2-million jet fuel contract to Amerada Hess, a major oil refiner that was found in violation of price standards.

The disclosure was made as the Supreme Court Monday declined to review a lower court decision upholding the president's power to deny government contracts to guideline violators.

"We determined that an exemption should be granted in order to satisfy critical jet fuel requirements in the Atlantic, European and Mediterranean theaters," a Pentagon spokesman said. The fuel would cost about \$49 million more on the foreign market.

Amerada Hess is the only company cited for violating the guidelines by the Council on Wage and Price Stability that had not appealed the decision. United Airlines has been found in violation of the wage guidelines in a contract negotiated with the International Association of Machinists after a long strike, but the firm is contesting the ruling. United has few if any federal contracts exceeding the \$5-million threshold for sanctions.

The rubber industry presents another problem. Uniroyal, Firestone and Goodyear have been cited for "probable noncompliance," the first step toward contract debarment. Officials say that they expect Goodyear, the largest of the Big Four rubber companies, to join the group when it negotiates its version of the agreement that the government has found in violation of the guidelines. Together, the four companies have an estimated \$400 million or more in federal contracts.

Officials contend that the rubber industry is vulnerable to sanctions, but they concede that national security exceptions are possible.

Market Closed

All markets, banks and businesses were closed Wednesday in the United States for Independence Day.

Dollar Off; Sterling Up

LONDON, July 4 (AP-DJ) — The dollar declined against all major currencies today amid indications that the oil-exporting states are diversifying their dollar receipts into other currencies, particularly sterling and the Deutsche mark.

Sterling continued its steep upward. Several dealers said it seemed likely that the Saudi Arabian Monetary Agency has been a major buyer of sterling via certain European banks.

The pound finished at \$2.2265 for a daily gain of 15 cents after trading as high as \$2.2340 before profit-taking began.

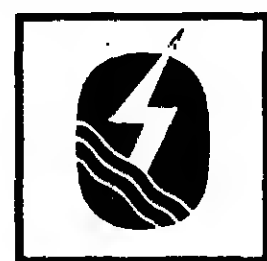
According to some bankers, the Bank of England has intervened intermittently during the last few days to moderate sterling's rise but has found demand too great for the central bank to accommodate without causing the money supply to expand too quickly. Nevertheless, one British official said the central bank's sterling sales in the past few weeks have been "substantial" and are already having an undesired expansionary effect on the money supply.

The dollar fell to 1.8338 DM from 1.8395 DM, despite large mark-sales by the Bundesbank in the afternoon, dealers said. The dollar plummeted to 216.65 yen from 218.57 after Japan exporters reported export letters of credit opened in June were up 20.3 percent from last year.

The price of gold finished at \$283.25-283.75 an ounce, bid and asked, up from \$282.75 late yesterday.

In Washington, the International Monetary Fund reported it sold 440,000 ounces of gold yesterday at a record average price of \$281.52 an ounce with bids ranging from \$281.06 to \$281.87 an ounce. Bids were received to buy 1.5 million ounces.

This announcement appears as a matter of record only.



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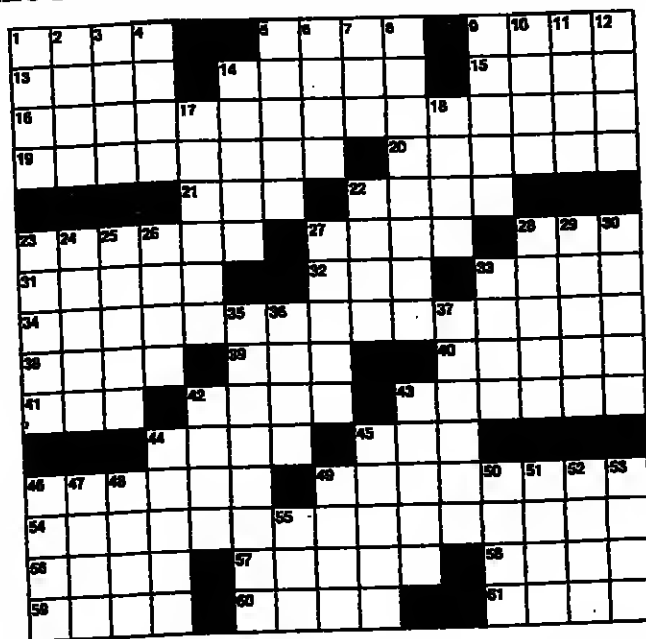
Weekly net asset value
on July 2, 1979

Tokyo Pacific Holdings N.V.
U.S. \$66.31

Tokyo Pacific Holdings (Seaboard) N.V.
U.S. \$48.31

Listed on the Amsterdam Stock Exchange
Information: Plazcon, Holding & Pierson N.V., Herengracht 214, Amsterdam

CROSSWORD By Eugene T. Maleska



- ACROSS**
- Kind of race
 - Flutter or sway loosely
 - Impure diamond
 - Kansas city
 - Do-re-mi
 - Arrow poison
 - Neutralized
 - What exodists do
 - Mock-ups
 - Take of (English county)
 - Lairs
 - Moist and cold
 - Take the bait
 - Old soldiers' org.
 - Carlie romdup
 - U.S.N. vessel
 - Alone, as a diva onstage
 - Illicit, as a sale
 - Become gentle
 - "Them as..."
 - Burmese native
 - Prefix with suppose and signify
 - Sardine packages
 - Furious fellows
 - Joker, for one
 - Three-toed sloths
- DOWN**
- Extra item in a newspaper
 - Go before
 - Retaliatory actions
 - "Don't bet"
 - Jackets and collars
 - Large quantities
 - N.J. five
 - Something to feather
 - Ferrara name
 - "Galloping dominoes"
 - "...always at the top"
 - His: Fr.
 - Antisocial group
 - "Fair, fat, and..."
 - Bar part
 - In the style of (S. Carolina)
 - Ties
 - Story starter
 - Spool's cousin
 - Kennedy and Williams
 - Farinaceous
 - Nervous thrill
 - Highly rated
 - Record

WEATHER

	C	F		C	F		
ALGARVE	22	72	Fair	MADRID	26	79	Fair
AMSTERDAM	22	72	Overcast	MIAMI	26	79	Overcast
ANKARA	26	80	Fair	MILAN	26	79	Overcast
ATHENS	26	80	Mist	MONTREAL	16	61	Fair
BEIRUT	26	80	Mist	MOSCOW	22	72	Cloudy
BERLIN	16	61	Overcast	MUNICH	12	54	Fair
BRUSSELS	16	61	Overcast	NEW YORK	22	72	Cloudy
BUDAPEST	16	61	Overcast	NICE	22	72	Cloudy
CASABLANCA	16	61	Overcast	OSLO	21	70	Fair
COPENHAGEN	16	61	Overcast	PARIS	18	64	Cloudy
COSTA DEL SOL	24	75	Mist	PRAGUE	15	59	Showers
DUBLIN	16	61	Overcast	ROME	27	81	Fair
EDINBURGH	16	61	Overcast	SOPIA	16	61	Cloudy
FLORENCE	16	61	Overcast	STOCKHOLM	16	61	Cloudy
FRANKFURT	16	61	Overcast	TEHRAN	37	97	Cloudy
GENEVA	16	61	Overcast	TEL AVIV	22	72	Cloudy
HAMBURG	16	61	Overcast	TOKYO	22	72	Cloudy
HELSINKI	16	61	Overcast	TUNIS	26	80	Fair
HOUSTON	22	72	Fair	VIENNA	16	64	Overcast
ISTANBUL	22	72	Fair	WARSAW	26	80	Cloudy
LA PALMAS	24	75	Mist	WASHINGTON	15	59	Mist
LISBON	21	70	Mist	ZURICH	15	59	Mist
LONDON	21	70	Mist				
LOS ANGELES	22	72	Fair				

1 Yesterday's readings U.S. and Canada at 1700 GMT; all others at 1200 GMT-1

(Yesterday's readings U.S. and Canada at 1700 GMT; all others at 1200 GMT.)

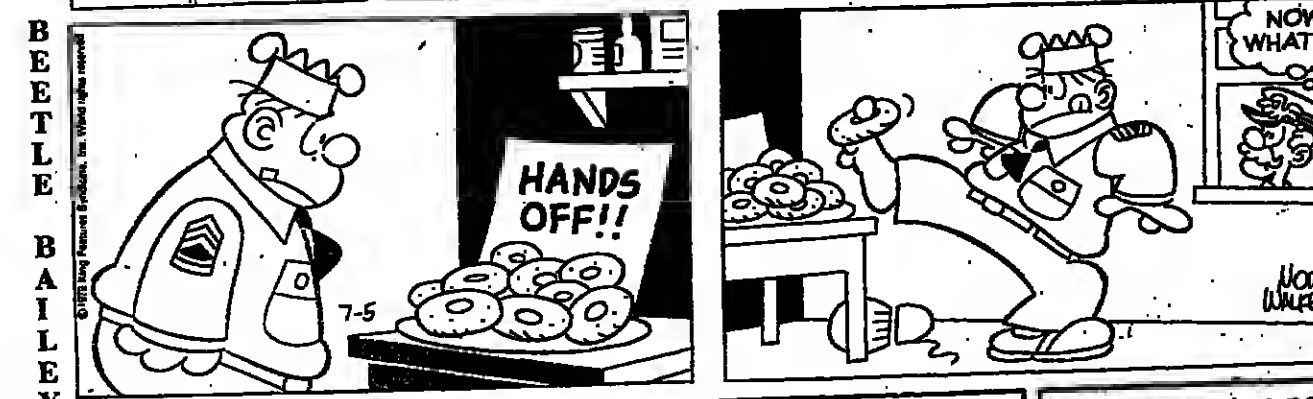
PEANUTS



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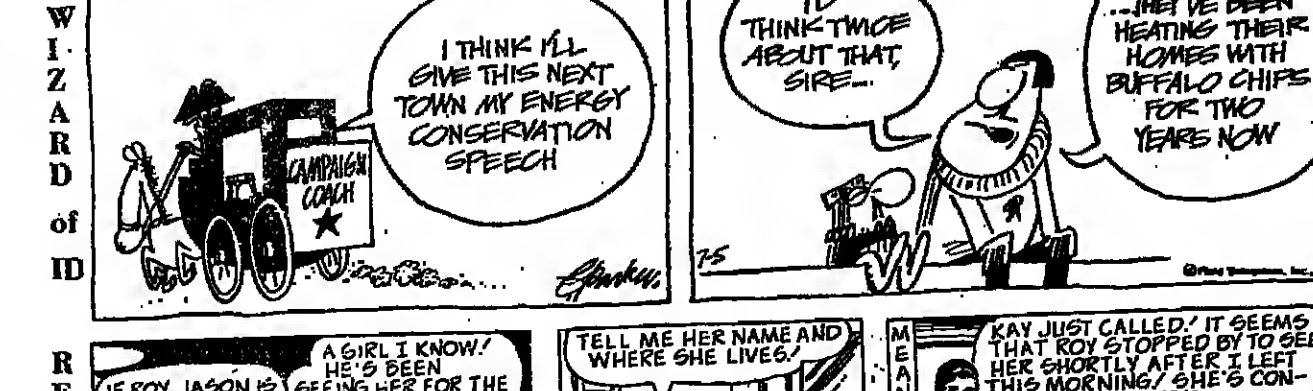
BEETLE BAILEY



ANDY CAPP



WIZARD OF ID



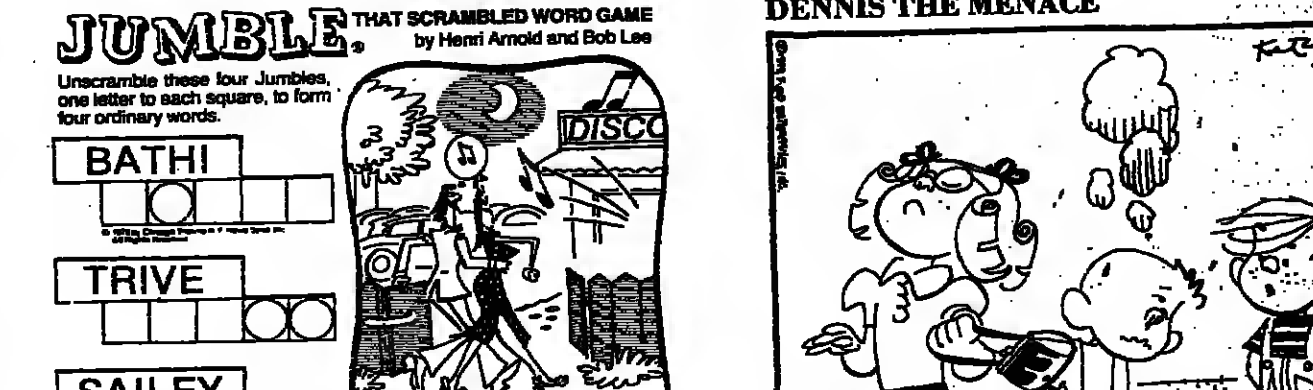
REX MORGAN



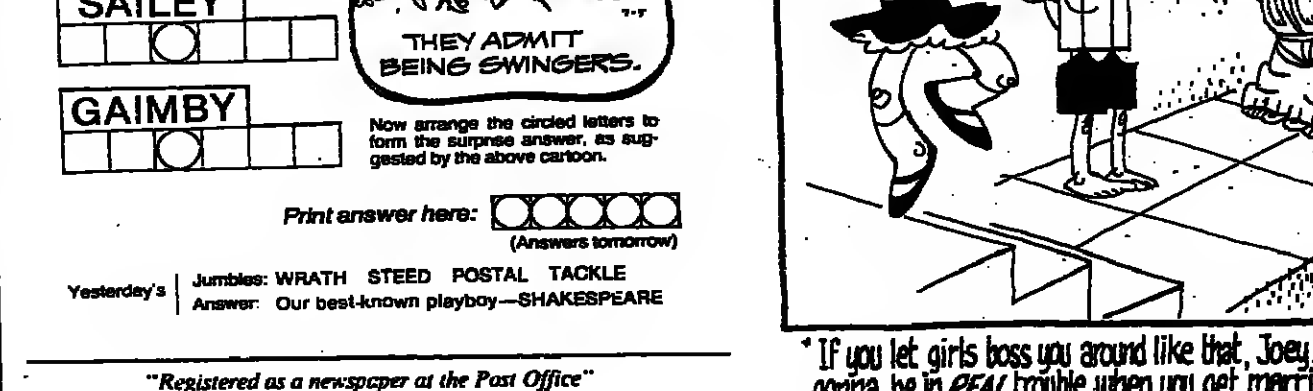
DOONESBURY



JUMBLE



DENNIS THE MENACE



BOOKS

CONFESSION AND AVOIDANCE

By Leon Jaworski with Mickey Herskovitz. Doubleday, \$10.95.

Reviewed by Anthony Marro

THERE WERE SOME people in the office of the Watergate special prosecutor who used to say—modestly, but not entirely in jest—that the thing that finally did in Richard Nixon wasn't the tapes, but the fact that White House guards once kept Leon Jaworski standing outside the gate for nearly a half hour, in a snow storm, waiting for clearance. Until that point, they say, he had been skeptical about the evidence in the case, sympathetic to the great pressures of the presidency, and not entirely comfortable with the aggressiveness of the staff he had inherited from Archibald Cox. But some of this changed that day in the cold and the snow.

"By the time he got back to the office," says one staffer, "Nixon was guilty." Jaworski would never admit that such a slight affected his judgement, of course. But he was upset enough about it that he takes pains to mention it in his book, and even now, five years after the fact, the annoyance clearly shows through. Angry at the treatment, he telephoned Alexander Haig, then the number-two man in the White House, who tried to calm Jaworski by telling him that his own brother, a Jewish priest, had suffered a similar delay. "Ah," Jaworski replied, "I find small comfort in that."

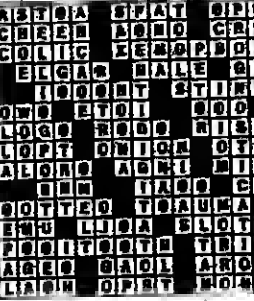
There are several other such insights into Jaworski's mind-set during this period, and they make "Confession and Avoidance" an interesting, but by no means indispensable, book. We learn, for example, that he came to the conclusion that it would have been impossible for him to have received a fair trial. We learn that Jaworski came to Washington believing Nixon was innocent, but after listening to the tapes, became convinced that Nixon was a "paranoid and vindictive man," and guilty as well. And we also learn that Jaworski's own view is that Nixon himself was responsible for the 18½-minute gap in one of the key Watergate tapes.

As news items go, this isn't much. After all, a lot of others came to the same conclusion a long time ago, even without the benefit of the army of technicians Jaworski hired to analyze what was left of the tape. But the purpose of "Confession and Avoidance," despite the publisher's hype, doesn't seem to be to make news. Jaworski's intention seems to be to offset what he sees as creeping revisionism about Watergate, and to build a dike against the flood of revisionism that he expects to come. Most of this is jammed into one angry chapter called "The Ex-President," which follows nine chapters of anecdotal about-lawyering in Texas that only a grandchild could find truly interesting, and precedes one on which he says the handling of the Korean-polya investigation wasn't as bad as most reporters seem to think.

There are Nixon loyalists out there, Jaworski says, "who would not believe him guilty if he had

Anthony Marro is the Washington bureau chief of Newsday and this review for The Washington Post.

Solution to Previous Puzzle



Nijinsky Diary Auction

LONDON, July 4 (AP)—unpurged diary of Va Nijinsky, the Russian dancer, is auctioned in London on July 5. The diary, written in winter of 1918-19 when Nijinsky was 28 and just before he was insane, was found by his wife, Romola, in 1934. She edited it in 1937, suppresses about one-third, including 16 erotic passages.

BRIDGE

By Alan Truscott

The diagramed slam deal offered an interesting problem for the declarer. Many of the experts present were shown the deal, and very few selected the correct plan adopted at the table. The reader who wishes a test should cover the East-West hands and play the play in South's hand with an opening diamond lead.

Six spades is an excellent contract, and the auction followed a sensible course after North opened with one diamond. South's bidding suggested a 6-4 distribution in the black suits, and he drove to slam when North showed balanced spade support.

With diamonds bid three times by the dummy, the opening lead in that suit was likely to be a singleton. There were several ways to proceed after winning with the diamond king in dummy.

A simple plan was to draw trumps. If they split evenly, the slam would provide access to the diamond ace for a heart discard. But if the trumps split 4-1, South's only hope, a poor one, would be to drop the club queen singleton in dummy.

Rather better would be to draw two rounds of trumps with the king and ace in that order. If the trumps are 3-2, South is safe. He can then draw the closed hand with a club lead, draw the missing trump and lead a low club.

If the trumps are 4-1, South can try a club finesse. This line fails, however, if East has four or five clubs, including the queen. If South repeats the club finesse, he is left with a heart loser.

NORTH (O)		EAST	
♠ A5	♠ K	♠ 108743	♠ 9
♥ Q	♥ J108	♥ 78652	♥ Q102
♦ KQ872	♦ 9	♦ 108743	♦ 9
♣ A108743	♣ 9	♣ KQ872	♣ 9

SOUTH		WEST	
♠ KQ8742	♠ 9	♠ 108743	♠ 9
♥ 78652	♥ Q102	♥ 78652	♥ Q102
♦ 108743	♦ 9	♦ 108743	♦ 9
♣ KQ872	♣ 9	♣ KQ872	♣ 9

ive	54	Pass	Pass
uth	Pass	Pass	Pass
eft			

West led the diamond 4

West led the diamond five.

Dodgers Drop to Cellar

Whatever Happened To U.S. Know-How?

Buchwald

* * *

"Have you been in a college dormitory in recent years? It looks as if a typhoon hit it. These kids, who live in their own debris for four and six years, have come out of school

* * *

"Have you been in a college dormitory in recent years? It looks as if a typhoon hit it. These kids, who live in their own debris for four and six years, have come out of school to be our doctors, lawyers, engineers and scientists. We're putting people in charge of nuclear plants who don't know how to hang their own clothes on a hanger. We have engineers designing dams who have

engineers designing dams who have never shined their shoes. We have doctors doing open-heart surgery who have never washed out a bathtub. Sooner or later they're bound

"What you're saying is that we lost the race for know-how in the bedrooms and bathrooms of the American home."

"It has to start somewhere," he replied. "You can't put a person in charge of quality control if he doesn't know how to shave."

"It's frightening when you put it in those terms," I said. "Is there any hope?"

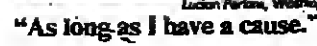
"We have to raise a whole new generation that cares. There was a time when American Know-How could get a man on the moon. Now I can't even guarantee that I can find anyone to fix your washing machine."

Joan Baez at 38: A New Crusade

North Vietnamese government and the shards of the coalition that splintered when the war ended. Resnais then gathered together 83 co-signers and published an open letter to the Socialist Republic of Vietnam in five newspapers charging that "the cruelty, violence and oppression practiced by foreign powers in your country for more than a century continue today under the present regime."

Before the letter was published, she sent it out for signatures to some who made up the anti-war movement. Daniel Berrigan was con-

in his 80s and we sat in his little room and he served us tea. I said, 'All right, Bert, let's get on with it. What do you think our chances are?' 'Our chances of what,' he asked. 'Of survival,' I said. And he said that if people started turning things around in the next 20 years we could make it, and I asked what the chances of that were, and he said, 'Probably none.' So we laughed and ate our little tea cakes. And then you just get on with it. For me, it's all part of having had a Quaker upbringing. You tell the truth as you know it."



limousine that has taken her around Capitol Hill and which was waiting to take her to a meeting of representatives from the local Vietnamese refugee associations.

That night, the limousine took her to the meeting concerning the boat people. Most of the discussion was in Vietnamese, but the earnest testimonials, the intense look of the young calling for action not words, the poignant smiles of the elderly — they barely needed translation. Joan Baez smiled and listened and, as the evening grew dark around the small group, they asked her to speak.

She expressed her support, and told them how on her tour she planned to make her own plea for the refugees to her audiences. And she told them of the night the bomb fell in Hanoi and how frightened she was and then she gave them the gift.

She sang, strong and clear and sweet, "And before I'll be a slave, I'll be buried in my grave and go home to my Lord and be free."

Dutch Crown Princess Beatrix enjoys a sailing outing with son Prince Johan Friso at Porto Ercole in Italy. She is on a vacation with her husband Prince Claus and their three

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